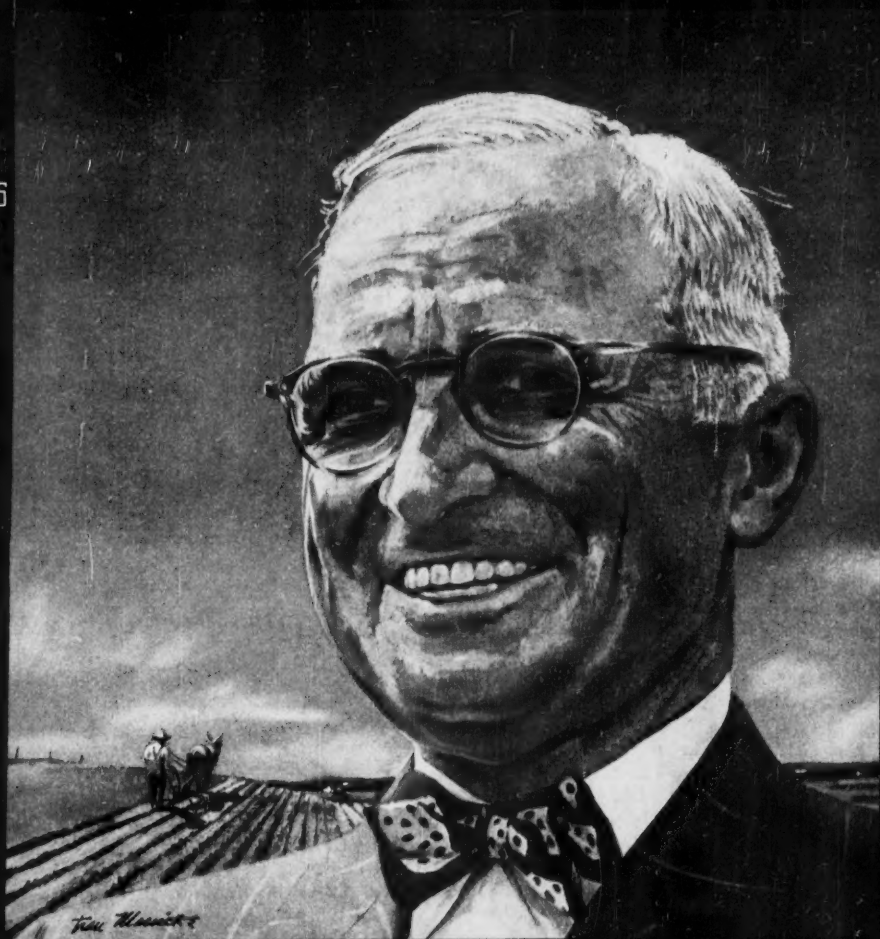
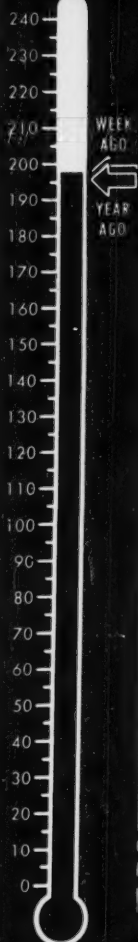


BUSINESS WEEK

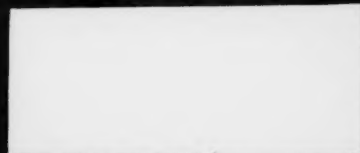
JAN. 22, 1949



Harry S. Truman: Plowing a new economic furrow as he starts his own four years (page 6)

BUSINESS
WEEK
INDEX

A MCGRAW-HILL PUBLICATION



• ENGINEERED IN PLASTICS BY GENERAL ELECTRIC



A kitchen molded in plastics

• Here's a miniature all-plastics kitchen! General Electric molded these attractive scale models of its appliances—refrigerators, ranges, dishwashers—even tiny clocks and toasters—to serve as visual selling tools for their retailers. By arranging the models according to planned layouts, customers can see how their new kitchen or laundry will look, before it is installed.

Could plastics help sell *your* products? General Electric's complete plastics service is equipped to design, engineer, and mold *any* type of plastics

product to your specifications. Whatever your plastics requirements—scale models or refrigerator parts—it will pay you to consult with General Electric, one of the world's largest manufacturers of finished plastics products.

Write us for more information, or contact your nearest G-E sales office. We'll be glad to send you, free, the interesting color-illustrated booklet, "Problems and Solutions in Plastics." Address: Plastics Division, Chemical Department, General Electric Company, 1 Plastics Ave., Pittsfield, Mass.

G-E COMPLETE SERVICE— AT NO. 1 PLASTICS AVENUE

Backed by 54 years of experience. We've been designing and manufacturing plastics products since 1894. General Electric research facilities have expanded continually, working to develop new materials, new processes, new applications for plastics parts.

No. 1 Plastics Avenue—complete plastics service—engineering, design, mold-making. G-E industrial designers work with our engineers to create plastics parts, sound and good looking. Skilled mold-makers in G-E toolrooms average over 13 years experience.

All types of plastics. Compression, injection, transfer and cold mold facilities...high and low pressure laminating...fabricating. G-E Quality Control—a byword in industry, means as many as 160 inspections and analyses for a single plastics part.



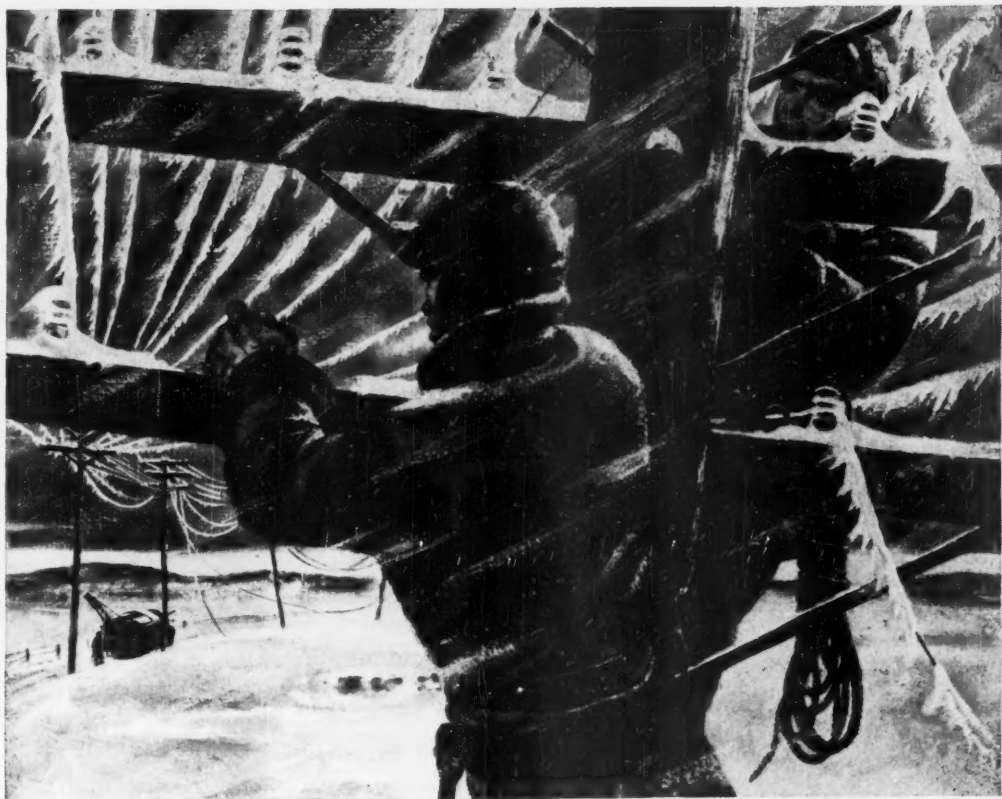
EVERYTHING IN

Plastics

GENERAL  ELECTRIC

CD43-433

General Electric plastics factories are located in Scranton, Pa., Meriden, Conn., Coshocton, Ohio, Decatur, Ill., Taunton and Pittsfield, Mass.



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TELEPHONE LINEMEN have the traditional Bell System spirit of service that aims to "get the message through." They also have what it takes *in the way of equipment and supplies.*

Their wires, cables, poles, tools and countless other things are provided by Western Electric—maker or supplier of practically everything used in your telephone service. We carry stocks of 31,000 different items to help all Bell

telephone people, not only to do their daily job of maintaining and expanding telephone facilities but also to meet sudden emergencies:

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of Bell System central office equipment.



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CHAMPIONS!...IN ALL CLASSES



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*Gas-powered and electric
battery-powered models;
solid or pneumatic tires*



Lightweight: Clipper

This rugged unit takes on any load-opponent in the 1000, 1500, and 2000-pound classes—and has an extraordinary knock-out record against handling costs. You'll find Clippers busily at work in every branch of industry in which materials are handled.

*Gas-powered and electric
battery-powered models*



Middleweight: Carloader

By Industry's own enthusiastic acknowledgment, here's the Champion of Champions. More Carloader trucks are on the job everywhere, every day, than any other fork-lift truck model ever built. It's an astonishing combination of speed, maneuverability and rugged strength.

*Gas-powered—
3000, 4000, 5000-lb. capacities
Electric-battery-powered—
4000, 5000-lb. capacities*



Heavyweight: Utilitrac

For heavy assignments the Utilitrac wears the crown. This big fellow makes light work of lifting, moving and tiering loads weighing 6000 and 7000 pounds—and gives costs a sound beating. In metal industries, building-materials yards, warehouse and docks, shrewd buyers choose Utilitracs.

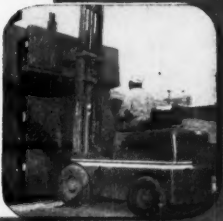
*Gas-powered and electric
battery-powered*



Outdoor Ace: Yardlift

In the Yardlift models, Clark provides strength, efficiency and durability on pneumatic tires. For handling operations that include outdoor storage and passage over rough surfaces, inside or out, the Yardlifts handle their loads swiftly, steadily, safely.

*Yardlift 20 — 2000-pound capacity
Yardlift 40 — 4000-pound capacity
Yardlift 60 — 6000-pound capacity*



C
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Gas-Powered

FORK TRUCKS

1000 - 7000 lbs. Capacity

Electric Battery-Powered

FORK TRUCKS

1000-7000 lbs. Capacity

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TOWING TRACTORS

30-104 Tons on Trailers

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Crane, Ram, Scoop, Revolving Head,
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and others ... including:

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**INDUSTRIAL TRUCK DIVISION
CLARK EQUIPMENT COMPANY**

BATTLE CREEK 42, MICHIGAN

The current line of CLARK Industrial Handling Equipment is on the grass, waiting for you.



Where there are Lights—
There is Wire!



Where there are people, there is a market for your product, and where there is a market, there is a need for signs. Guiding signs, reminding signs—signs to sell. Besides its lines of wires for standard lighting service, Belden Manufacturing Company has collaborated with engineers in the neon and fluorescent tube fields. And for this service specialized cables have been developed that are second to none in long-life and trouble-free operation. This is another instance where making better wires to meet your needs is Belden's business.

There is
plus protection
in Belden
Wire

Belden

WIREMAKER FOR INDUSTRY

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BUSINESS WEEK • Jan. 22, 1949

*"Imagine! I'VE JUST FINISHED
THREE DAYS' WORK IN *two*"*



"And there's nothing to it . . . thanks to my new Remington Rand machine. It's so much faster!

"Those days when we stayed late and scrambled to get out our statements and checks are gone forever. Now when it's payroll time we're all caught up on accounts receivable and payables. I never knew accounting records could be turned out so easily.

"But you should have heard what the boss said yesterday. He figures these new bookkeeping machines will pay for themselves in a matter of months. No

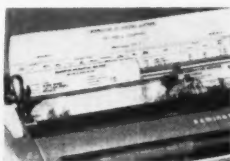
more overtime . . . no more tired girls getting on each other's nerves . . . no more complaints about overdue work from upstairs. We're saving so much time that two of the girls are now doing work we've never before been able to get at.

"Yes . . . we're actually doing three days' bookkeeping in two . . . and I'll bet these machines will do the same for you."

Why not call your local Remington Rand man today?
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315 Fourth Avenue, New York 10, N. Y.



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the new Remington Rand bookkeeping machine

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Fansteel Metallurgy is a world-wide service. Civilization depends upon Fansteel for small but vitally necessary metal parts, whose functions are accepted by everyone with little or no thought. An automobile starts. A refrigerator turns on or off. A train rushes safely through the night. A plane lands in the fog. An urgent call sounds through the hospital corridors. A thousand radio programs ride invisible waves. A sand hog drills through buried rock. An unattended substation brings light to a rural community. Oil and gas move underground through welded pipe lines.

TO INDUSTRIES

No products of Fansteel are sold directly to the public. Instead, Fansteel works with and for industries, supplying unusual metals, alloys, parts and sub-assemblies, each developed to perform a vital function, or to resist destructive effects of heat, corrosion, wear, erosion or impact. Fansteel welcomes discussions of difficult metallurgical problems. Fansteel Metallurgical Corporation, North Chicago, Illinois.

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THE COVER

Harry S. Truman's mother always boasted that her boy plowed the straightest furrow in Jackson County, Mo. There's no gainsaying that Harry Truman plowed a straight furrow across the nation last fall—to turn up the biggest political surprise in history by winning election as President of the United States.

• **Truman's Course**—President Truman set his political plow way last spring on a course he felt the people wanted their government to take. He kept a steady hand all through the spring and summer, when his party split asunder at the left and the right, and the politicians screamed for "anyone but Harry." And he held true through the fall, when the polls and the political writers said he couldn't win.

This week, as Harry Truman was inaugurated in gala ceremonies to his own four-year term as President, the nation could see clearly that the new Truman, like the old, was still plowing in a straight line—more or less to the left, depending upon viewpoint. His State of the Union message and his budget were the sum total of the things he had been saying all last year.

• **Beginnings**—The President was born May 8, 1884. He attended public schools in Independence, Mo., then went off to war to become an artillery captain, commanding the now famous Battery D, 125th Field Artillery. After an unsuccessful stint in the haberdashery business, Truman entered politics as an adherent of the Pendergast organization in Kansas City. He became a Jackson County judge in 1922, served until he was elected to the U. S. Senate in 1934.

There, as chairman of the Special Committee to Investigate the War Effort (the Truman committee), Harry Truman made a brilliant record. This was one of the reasons President Roosevelt picked him as his running mate in 1944—a choice that put Truman in the White House only a few months afterward.

—Cover painting by Tran Mawiche

BUSINESS WEEK • Jan. 22, 1949



MAIL PAYS LESS FARE WHEN IT FLIES IN LIGHT-WEIGHT **NYLON**

When Uncle Sam pays the major airlines for transporting air mail, he has to pay for the weight of the bag as well as the contents. And it costs as much to ship a regular canvas mail bag as to ship about 50 letters. So the Post Office Department decided to conduct an experiment in the use of lighter weight mail bags.

Result: test bags made of Du Pont nylon fibers reduced the dead-weight 85%! On a flight from New York to San Francisco, this saves about \$1.95 on every bag of mail. You can get an idea of the possible total savings from the fact that the domestic airlines carry more than 30 million ton-miles of air mail a year.

Not only do these light but strong nylon bags save money on a ton-mile basis; in addition, their initial cost is less than that of mail bags previously

used in domestic flight service!

This is another example of how nylon is cutting costs in many industrial uses.

• • •

Get the facts about Du Pont nylon fibers. You may be interested in a product far removed from air-mail bags. But nylon's remarkable combination of strength and light weight may be just what you want for a product or process. Or you may be able to take advantage of other nylon properties: *flexibility—elasticity—low moisture absorption—resistance to deterioration by mildew, soil and marine rot, petroleum oils, alkalis.* And nylon is tough, durable.

You'll find helpful information on nylon fibers in the booklet, "Nylon Textile Fibers in Industry." It also describes a variety of industrial uses. In your own plant—in your own product—nylon

may help you speed up a manufacturing process, make your present product better, or help you design a new product.

Tell us about your specific fabric problems when you request the booklet. We may be able to help you. Address Room 6510-B, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington, Delaware.

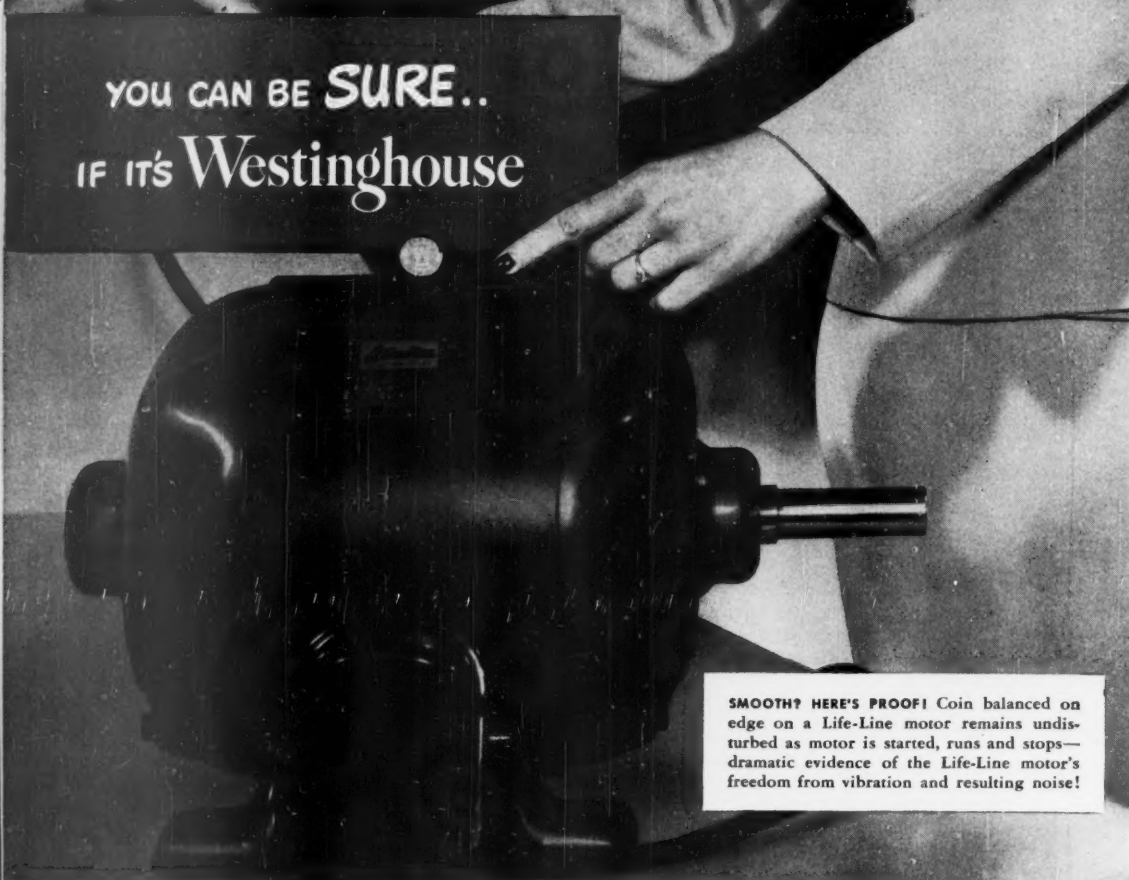
DU PONT
NYLON FIBERS



BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

For nylon... for rayon... for fibers to come... look to Du Pont

YOU CAN BE **SURE..**
IF IT'S **Westinghouse**



SMOOTH? HERE'S PROOF! Coin balanced on edge on a Life-Line motor remains undisturbed as motor is started, runs and stops—dramatic evidence of the Life-Line motor's freedom from vibration and resulting noise!

NEW METHODS BRING "SPECIAL-MOTOR" SMOOTHNESS TO STANDARD MOTORS

Motors have been made in much the same way for many years—up to the time Westinghouse—with years of leadership in a-c motor developments—departed from "tradition" in electric motor concepts and built the Life-Line.

Motor-making traditions were broken by the basketful. Motor users were surveyed to find what they wanted in standard motors that they were not getting. Life-Line motors were designed and built from scratch—by new methods and new tools in a totally new plant—to include these features.

Quieter operation was one feature motor users asked. Life-Line motors provide it. Ventilating design limits "windage" noise. New manufacturing techniques insure absolute alignment and accuracy of fit, reducing vibration. Modern tests check every motor for accuracy in manufacture.

You'll want full details on other Life-Line features, too. Life-Line motors, now built in sizes from 1-15 hp, are available in standard and near-standard types from stock. Other sizes and types—up to 200 hp—soon will be changed over to modern Life-Line design.

Check your nearest Westinghouse office for deliveries—or write direct to Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Penna.

J-21457-A-1



MOTOR "ASTHMA" CHECK. Sounds that shouldn't be there don't get by this "noise detective". Audiometer determines wave length of noise; sound level meter (left) determines decibel rating of the noise; sound analyzer (at right) then indicates the relative amount of the different frequencies resulting.



Westinghouse
PLANTS IN 25 CITIES . . . OFFICES EVERYWHERE

***Life-Line* motors**

BUSINESS OUTLOOK

BUSINESS WEEK

JANUARY 22, 1949



Prospects of a back-breaking grain surplus become more real by the day. Washington doesn't have to face up to it—yet. Support prices will hold for the time being. The new crop still is six months away.

Nevertheless, future farm and foreign-trade policies are going to be framed in the shadow of surpluses, present or potential. All this, in its turn, will influence prices and general business planning.

Europeans aren't so ravenous for American bread grains in the present crop year as they were last; chances are they will be even less so in 1949-50.

The reason is simple enough. Europe, outside Russia, raised a wheat crop in 1948 only 10% below the prewar average (1,625,000,000 bu. from 1935 through 1939). That harvest broke famine's back.

The United States will ship close to half a billion bushels of food and feed grains abroad in the 1948-49 season to supplement rations.

Europe is likely to be more nearly self-sufficient on wheat when the next crop is harvested.

Acreage is back to normal. Quite as important, weather up to now has been very nearly ideal for the 1949 crop.

Europe apparently will need to buy very little grain to restore prewar bread production. But that doesn't restore per capita consumption.

Population is up about 10%. That assures us of continued exports.

Export markets will look mighty good to the wheat raisers when the new crop starts to market in July. That is, unless weather turns bad.

Record winter-wheat acreage has been planted. December conditions indicated another bumper crop (BW-Dec. 25 '48, p10).

As to spring wheat, the Federal Reserve Bank of Minneapolis suggests that support prices may encourage planting of a record acreage.

Thus, given good weather, another of those whopping billion-bushel-plus wheat harvests looks to be just a short way off.

Wheat farmers of the Great Plains may make a little less money in 1949 than in some recent years, but they will be well off.

In 1947, when wheat averaged close to \$2.50 on the farm, the Dept. of Agriculture figures the average winter-wheat raiser netted more than \$14,000. Spring-wheat growers banked something over \$9,000 each.

The 1948 crop was down about 80-million bu. from the previous year's record of 1,367,000,000. Production costs were up and prices averaged lower. Net undoubtedly declined, but profits still were high.

The incentive to grow wheat has by no means disappeared.

Uncertainty about what Congress will do on farm policy has encouraged large planting of wheat for 1949 harvest.

Next year, sliding-scale support prices are supposed to go into effect. Surpluses may lead to restrictions.

Thus, 1949 may be the last year of sure 90% supports, all-out planting.

Another revolution has been going on quietly in the growing of wheat. Everyone knows about the effects of the combine harvester. But this one is more subtle.

This is a matter of raising yields by better farm practices. It not

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JANUARY 22, 1949

only means higher yields in good years; it can mean fewer losses in bad ones. We have seen it in cotton, and it is well along in wheat.

Stronger strains, better seed, more summer fallow, and spraying to keep down weeds all play a part in this.

Unemployment figures continue to look just the least bit upsetting.

Maybe it's because we haven't seen anything but minimum frictional unemployment for so long. Or maybe this really is more significant.

Unemployment officially is listed just under 2-million for early December. That was a gain of only 300,000 over November and was little larger than the rise in the total actually drawing unemployment insurance.

Insured unemployment has risen by more than 400,000 since the end of October and now tops 1½-million. Not only that, but new applications are being received in ever-increasing numbers.

New claims for compensation ran about 185,000 a week in November; they rose to 281,000 in the week ended Dec. 25 and 415,000 Jan. 8.

Before Christmas, construction workers were being laid off; after Christmas, store help was cut. Such seasonal developments are expected. But the figures look too large simply to reflect seasonal factors.

Post-Christmas retail sales have looked better than before the holiday.

Department stores marked up a gain of 9% in dollar volume in the first week of January. New York City, which gained only 1% in that week, posted a 4% advance in the week of Jan. 15.

And remember: Dollar gains now mean something. Prices clearly are no higher—probably below—a year ago.

Thus, a gain in dollars means an even larger rise in unit volume.

Cotton textile trends may provide some surprises in 1949.

It is quite certain that activity will pick up at least some from recent depressed levels. (Cotton consumption by American mills in December was only 680,670 bales compared with 754,847 a year earlier.)

And, when textile demand revives, prices are likely to rise. Mills cut the price of print cloth very substantially last year. Recently, these cuts have been passed on fairly noticeably at wholesale and retail.

Now there isn't so much more room for prices to go down. High price supports for raw cotton are a factor; so are rising wage rates.

Exports of American cotton have started their long-expected pickup.

November was the best month of the cotton year, started last Aug. 1. Exports were 428,000 bales against 164,600 a year earlier. The month, in fact, contributed nearly half of the four months' total of 960,000.

Aiding U. S. exports: Foreign surpluses are pretty well liquidated. Brazil, for example, has worked off most of its cotton.

Changes in business inventories for December and January will have an important bearing on activity and profits in 1949.

The dollar value of all inventories—manufacturing, wholesale, and retail—was \$55.2-billion in November. That's up \$7-billion in the 11 months; manufacturers' stocks contributed about half of this gain.

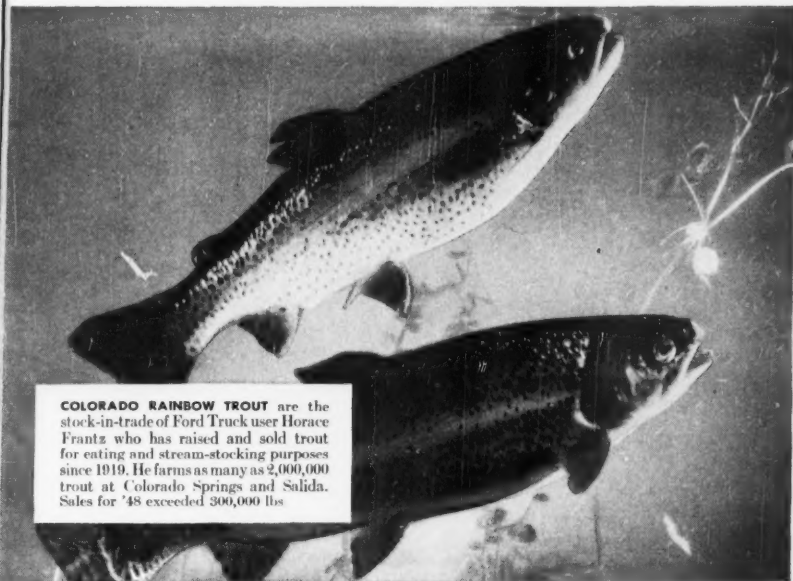
There's a good deal of danger inherent in these huge totals. Prices of industrial raw materials no longer are too strong (page 102).

Inventory profits, in fact, are largely a thing of the past (page 21).

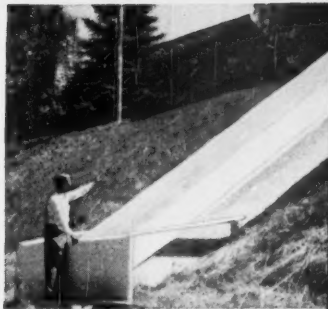
HORACE FRANTZ'S

Smart idea!

It brought him a pot of gold at the end of rain-bows...millions of 'em!



COLORADO RAINBOW TROUT are the stock-in-trade of Ford Truck user Horace Frantz who has raised and sold trout for eating and stream-stocking purposes since 1919. He farms as many as 2,000,000 trout at Colorado Springs and Salida. Sales for '48 exceeded 300,000 lbs.



TO KEEP TROUT healthy, water must be kept charged with fresh oxygen. Frantz cascades it down steps, sprays it from overhead, to keep it fresh.

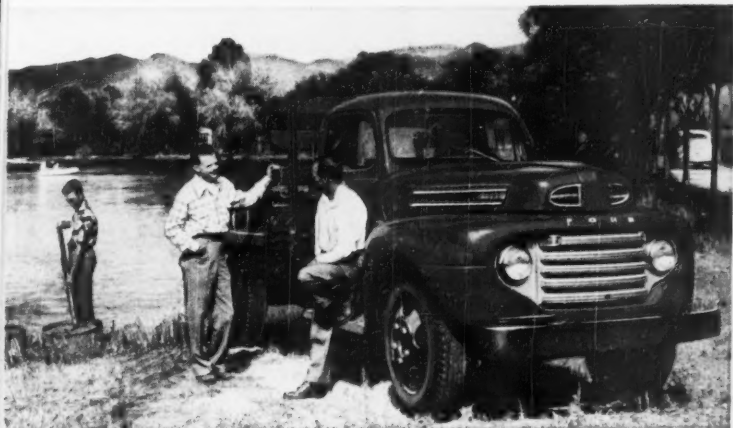


"SPRING WATER temperature in rearing runways never goes below 50 or above 52 degrees," Horace Frantz (above) says. Hatching period is 4 to 6 weeks; "harvest" in 1 1/2 years.

HORACE FRANTZ'S

Smart move!

He uses Ford **Bonus Built Trucks** to do the hauling in his business!



NEW MODEL F-5 FORD TRUCK with platform body is used in a demonstration test at feeding time by Ford Dealer, Bob Allphin. Says Frantz, "My old Ford feed truck has 175,000 miles on it, but I'll bet the new F-5 could beat that." "That's a smart bet, Horace," replies Bob. "Ford Trucks are Bonus Built to take almost anything these mountain roads can give them. Every one of over 139 models is built extra strong to last longer."



"DON'T LOOK now," says Ford Dealer Bob Allphin, "but under this cab is something no other truck has! Ford exclusive Level Action suspension insulates against frame weave, smooths out the ride, prolongs cab life."



"ONE OF THE BIG THINGS about Ford Truck engines is their reliability," says Frantz. "That's mighty important to me, too, because in transporting live trout, a few minutes delay might mean loss of the entire load."

HORACE FRANTZ'S

Smart bet!

FORD TRUCKS LAST LONGER!

Using latest registration data
on 5,444,000 trucks, life insurance experts prove Ford Trucks last longer!

INTERESTING FACTS ABOUT THE PLASTICS INDUSTRY

THE TREMENDOUS GROWTH OF THE PLASTICS AND SYNTHETIC RESINS INDUSTRY OVER THE PAST TEN YEARS IS SHOWN BY THE JUMP FROM 154,000,000 LBS. IN 1938 TO 1,480,000,000 LBS. IN 1948.

1948 VALUE OF PLASTICS AND SYNTHETIC RESINS USED IN INDUSTRY ESTIMATED AT \$540,000,000.

TODAY, OVER 25 DIFFERENT TYPES OF PLASTICS, ENGINEERED TO MEET A WIDE VARIETY OF APPLICATIONS.

CELANESE[®] CHEMICALS USED BY THE PLASTICS AND SYNTHETIC RESINS INDUSTRY INCLUDE FORMALDEHYDE, ACETIC ACID, TRICRESYL PHOSPHATE, ACETONE, METHANOL AND OTHER SOLVENTS.

Principal advantages offered by Celanese chemicals to manufacturers of plastics and resins

Customers of the Chemical Division of Celanese Corporation of America, both those in the plastics industry and in other industries, profit from a number of important advantages:

1. PIONEERING RESEARCH IN PETROLEUM CHEMISTRY

Celanese has a record of over sixteen years' research leadership in this modern field. This, coupled with advanced laboratory and pilot plant facilities, provides valuable technical assistance to customers and an ever-increasing stream of new organic chemicals for industry.

2. PRIMARY PRODUCER OF ORGANIC CHEMICALS

The Celanese chemical plant is one of the country's largest—with modern equipment and advanced processes for synthesizing organic chemicals from petroleum natural gases. Strategic location near Bishop, Texas—in the heart of the oil fields—affords Celanese excellent control of basic raw materials.

3. NATION-WIDE SERVICE AND DISTRIBUTION

Celanese offers the plastics and resin industry valuable technical service on organic chemicals. Choice of transportation by rail, water or truck is provided. Bulk storage of chemicals is maintained at strategic locations, with distributor warehouse facilities at major industrial points.

These favorable factors provide continuity of supply of high quality chemicals both now and for the future. The record of Celanese Corporation in all three major fields of operation—chemicals, textiles and plastics—has been one of greater volume and lowered prices through production efficiency.

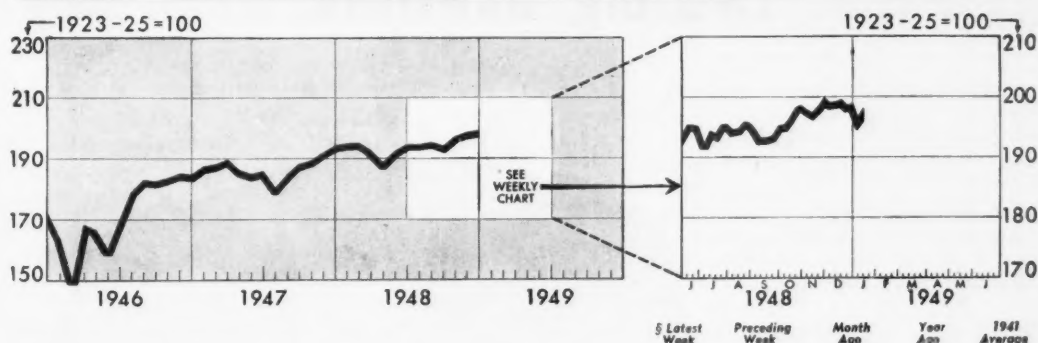
Celanese Corporation of America, Chemical Division, N. Y. 16.



*Reg. U. S. Pat. Off.

ALCOHOLS ALDEHYDES GLYCOLS KETONES ACIDS SOLVENTS PLASTICIZERS

FIGURES OF THE WEEK



Business Week Index (above)	*198.0	+197.2	199.6	196.1	162.2
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PRODUCTION

Steel ingot operations (% of capacity).....	100.1	99.3	88.6	96.1	97.3
Production of automobiles and trucks.....	108,329	+98,422	123,315	109,031	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$17,990	\$23,109	\$31,894	\$14,881	\$19,433
Electric power output (million kilowatt-hours).....	5,727	+5,742	5,790	5,370	3,130
Crude oil (daily average, 1,000 bbls.).....	5,428	5,454	5,645	5,326	3,842
Bituminous coal (daily average, 1,000 tons).....	1,904	+1,725	1,993	2,300	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	73	78	80	81	86
All other carloadings (daily average, 1,000 cars).....	48	50	51	57	52
Money in circulation (millions).....	\$27,919	\$28,151	\$28,369	\$28,374	\$9,613
Department store sales (change from same week of preceding year).....	+9%	None	-1%	+8%	+17%
Business failures (Dun & Bradstreet, number).....	127	128	96	61	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), Nov....	172.2	173.6	164.9	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100).....	390.6	393.6	393.7	452.0
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	279.3	279.5	278.1	285.3
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	307.4	312.8	311.8	422.4
Finished steel composite (Steel, ton).....	\$97.77	\$97.68	\$95.50	\$78.18
Scrap steel composite (Iron Age, ton).....	\$40.92	\$40.92	\$43.00	\$41.83
Copper (electrolytic, Connecticut Valley, lb.).....	23.500¢	23.500¢	23.500¢	21.500¢
Wheat (Kansas City, bu.).....	\$2.27	\$2.27	\$2.27	\$3.10
Sugar (raw, delivered New York, lb.).....	5.70¢	5.71¢	5.59¢	5.61¢
Cotton (middling, ten designated markets, lb.).....	32.55¢	32.36¢	32.07¢	35.21¢
Wool tops (New York, lb.).....	\$1.62	\$1.721	\$1.695	\$1.884
Rubber (ribbed smoked sheets, New York, lb.).....	19.29¢	19.32¢	18.85¢	21.75¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	121.9	123.3	120.5	117.2	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.47%	3.48%	3.54%	3.51%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.71%	2.72%	2.79%	2.85%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	14%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-14%	14-14%	14-14%	14-14%	4-4%

BANKING (Millions of dollars)

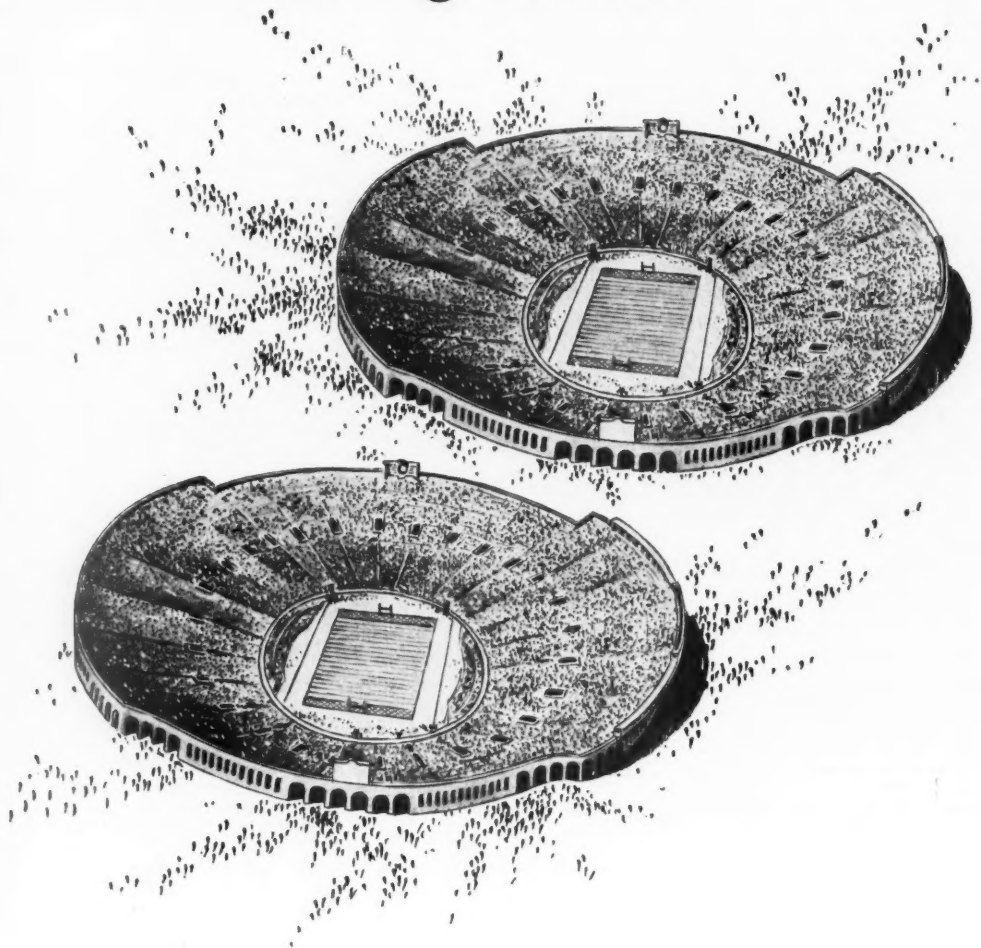
Demand deposits adjusted, reporting member banks	47,519	47,437	48,290	48,963	+127,777
Total loans and investments, reporting member banks	62,596	62,638	62,870	65,088	+132,309
Commercial and agricultural loans, reporting member banks	15,415	15,361	15,595	14,689	+16,963
Securities loans, reporting member banks	1,772	1,728	1,742	1,449	+11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	33,324	33,484	33,440	37,587	+115,999
Other securities held, reporting member banks	4,185	4,185	4,141	4,258	+14,303
Excess reserves, all member banks	950	1,050	1,260	1,537	5,290
Total federal reserve credit outstanding	23,193	23,727	23,919	22,568	2,265

*Preliminary, week ended January 15th.

†Revised

‡Date for "Latest Week" on each series on request.
 ††Estimate (BW—Jul. 12'47, p16).

Two big "bowlfuls"



240,000 passengers travel in one week on the scheduled airlines of America. They travel with speed, comfort and confidence, surrounded by all modern conveniences and safeguards, many of which are storage battery powered. Exide Aircraft Batteries are used on the planes of leading air transport companies.

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power for battery electric trucks and mine haulage units. In railroad service they furnish power for lighting and air-conditioning passenger cars. Diesel locomotive cranking and signal systems. Exide Batteries are used by

telephone and telegraph companies, radio and television stations, public utilities... and by many others. And on millions of cars, trucks and buses, they prove daily that "When it's an Exide, you start."

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1888...DEPENDABLE BATTERIES FOR 61 YEARS...1949

WASHINGTON OUTLOOK



WESTERNERS in Washington are turning the power they wield in the Truman Administration toward this goal: making their region industrially self-sufficient.

It's long-range. It's a vision.

But the westerners—in Congress and in the departments—see the Truman program as tailor-made for their ends.

Truman's program talks of an ever-expanding economy, of government aids to bring this about.

And westerners are jumping in to see that the fruit of all this falls their way. To them, this is release from eastern domination, industrial and financial.

You see the outcroppings of western influence all over town.

Talk about steel expansion and it's Sen. Murray—Montana—who is sparking it.

Talk about breaking up concentration of industry and it's Sen. O'Mahoney—of Wyoming.

About power? It's the Interior Dept. crowd.

Next week, O'Mahoney is going to get all these people together under one tent. He has invited the planners in Interior, from Secretary Krug on down, to come before his Senate Interior committee.

Each witness will be asked this leading question: What are your programs for building the West?

The programs will build on the pattern that was pioneered in water development—government aids to reclaim and conserve land, to harness the electricity from streams. Today, the outlay in dollars for such work is the biggest thing in the President's budget—except for war and its aftermath.

Now the idea is to adapt these techniques to industrialization, to mining and smelting, to lumbering.

And put this down: This is more than the old silver bloc out chasing subsidies from the Treasury.

The war gave the West steel at Geneva and Fontana, aluminum, airplanes—and plutonium. These samples of heavy industry have whetted the appetite for more.

Steel is one example of how westerners would divert expansion into their backyard.

Murray's bill for 10-million tons of government-evoked capacity authorizes Washington to say where new plants would be built.

We repeat: This is a long-term trend, just beginning to gather momentum. But it's here for the next two or four years, at least.

Also, an amalgamation of the various special-interest groups—mining, reclamation, power—into a regional bloc is going on. It's bipartisan; on western matters, Republicans and Democrats vote about the same way.

Still, such ideas as Murray's steel bill have tough sledding ahead. Other people—nonwesterners like Sawyer and Snyder and Nourse—have Truman's ear, too. And inside the Cabinet they consider Interior a maverick.

The go-slow advisers were the ones who got Truman to tone down his State of the Union proposals on steel, to call for a study before government committed itself.

WATCH OUT: Your contributions to your employees' pension fund may not be a business expense for tax purposes.

John L. Lewis' mine-workers' pension system is a case in point. Coal operators are asking the Treasury whether they can claim as a tax deduction their 20¢-a-ton payments.

The Treasury hasn't made a ruling yet. Tax officials know the coal fund meets the Internal Revenue Bureau's three tests. These are:

- That the employee get out at least as much as he puts in;
- That there is no discrimination in favor of high-salaried executives;
- That the company cannot recapture pension funds for its own use.

But there is another hurdle. The Treasury insists that a business expense, to be deductible, must not violate any other existing law. In the case of coal, the Treasury wants the Justice Dept. to rule first whether the fund complies with Taft-Hartley, which has some requirements as yet untested.

ANTITRUST operations are swinging back to old-fashioned trust-busting.

You haven't seen much of it since before the war. During the war, there was a more-or-less general moratorium. Postwar, Truman sent the anti-trusters out to job at cost-of-living prices—egg dealers in Boston, electrical contractors in Seattle.

Now, campaign year over, they are gunning for bigness again.

Attorney General Clark has decided that he can get more for his money by trust-busting than by looking for local price gougers. Too, that's in tune

WASHINGTON OUTLOOK (Continued)

with the return to power of the O'Mahoneys, the Patmans, and the Kefauvers.

And, after all, price pressures are easing.

You see the new accent on trust-busting in the A. T. & T.-Western Electric case, in the big four meat-packers suit.

In telephones, there is a single objective: Breakup Western Electric into several independent units separated from the Bell System.

A breakup is the goal in the meat case, too—13 companies instead of four. But antitrust chief Bergson also is after a clean-cut decision that identical pricing is illegal even without evidence of conspiracy.

Recall, also, that a federal grand jury in Chicago has been asking questions about du Pont.

About the only new legislation the trust-busters think they need in their campaign against bigness is the Kefauver bill.

That would help forestall bigness, by banning monopolistic merger through purchase of physical assets.

There will be other attempts to make new rules in the months ahead. But these will come out of new court tests seeking to extend the scope of the Sherman act.

Example: The Chicago mortgage bankers case, where the court is asked to order the refund of service charges if it finds they were imposed under an illegal agreement (BW-Dec. 18'48, p24).

But don't look for anything to come out of Tom Clark's talk of sending industrialists to jail in antitrust cases.

MINIMUM-WAGE LEGISLATION is the first item in Truman's program that will come to a vote in Congress.

Speaker Rayburn wants the bill through the House by the end of next week. The Senate Labor Committee will bring it up there without hearings.

To choke off opposition argument, Democratic leaders are stripping the measure to a straight increase from 40¢ to 75¢ an hour. That sloughs off till later a fight to blanket in workers not now covered.

REGULATION W—the curb on instalment buying—isn't going to be eased right away, despite the gripes from auto dealers.

Regulation W is supposed to be an anti-inflationary weapon; the Federal Reserve Board isn't

going to start monkeying with it until it's satisfied that over-all inflationary pressures have eased off. (The board doesn't think that has happened yet.)

Only then will FRB begin reducing the required down payments, allow a longer period for payments on the balance. Even then, relaxation will come on selected items where sales are dragging, not across the board.

First relaxation will come in autos, of course. The down payment is steepest on cars—one-third as against one-fifth for other durables.

But FRB doesn't see auto dealers in real trouble yet. The reasoning: Winter is always a slack sales period; customers are waiting for a look at new models.

Also, FRB thinks that Kaiser-Frazer—which has been complaining the most—is way out of line on prices.

YOU'LL WANT YOUR LAWYER to give a second reading to Attorney General Clark's proposed new espionage law.

In addition to legalizing FBI phone-tapping evidence, and abolishing the statute of limitations, Clark's proposal makes espionage cover the passing on of national-defense data "... which could be used to the injury of the United States or to the advantage of any foreign nation."

The present law says on this point: "... with intent or reason to believe it is to be used to the injury of the United States."

- One of the first things Dean Acheson will do is reiterate the Mar. 20 tripartite offer to return Trieste to Italy. The U. S. definitely has abandoned the U. N.-governor and free-territory idea. If political stability can be restored, several American companies, including Ford, want to go in. . . .

- First crackdown for misuse of steel allocated under the Taft-Wolcott voluntary program came this week. Penalty: no more allocated steel. . . .

- Chairman Bland of the House Merchant Marine Committee is pushing a bill to require that half of all U. S.-financed exports be carried in American ships. It would block Paul Hoffman's plan to use the cheapest carrier for ECA goods, and it would extend the 50-50 principle to other government programs. . . .

- Draft rejects for physical defects are dropping. Reason: Selective service has culled over the older nonveterans, many of whom were 4-Fs left over from the War II draft. By next summer you'll have a truer picture of the health of today's youth.



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the girls in your office!**

**"I want a new
typewriter!"**



**"We want
new Royals!"**

Why the preference for Royal is better than 2 to 1!

SURVEYS SHOW that girls who type prefer Royals $2\frac{1}{4}$ to 1 over any other make of standard office typewriter.

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"I go Pullman for dependability.

For instance, your chances of arriving on time are better than 19 to 1! That's because you travel on dependable *rail-road* schedules and arrive right in the heart of town convenient to everything. Take it from me, when the firm's counting on you to be there, you can count on getting there when you go Pullman!"



"I go Pullman for safety. Honest, you're safer crossing the country by Pullman than you are crossing the street at home. Ten thousand times safer! And that's not just my opinion—it's a proved fact! My family never worries about my going places, and I never worry about getting there, when I go Pullman."

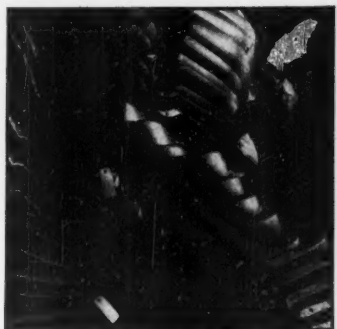
But they all agree . . . It's good business to

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THE SAFEST, MOST COMFORTABLE WAY
TO GET THERE!



SPOTTY UNEMPLOYMENT, plus . . .



INVENTORIES in full pipelines face . . .



U.A.W. PRESIDENT Walter Reuther and other union leaders who are . . .

Taking Heat Off Demands for Cash Wage Boosts

Unions shift their emphasis to social security benefits.
Main reasons: Living costs slip, and economy develops soft spots.

Labor unions find themselves in a new economic climate as they get set for the fourth round.

• **Changed Conditions**—For the first time since the war started, the pipelines are pretty well filled with goods—taking the heat off the need for production at any price.

For the first time since the end of the war, living costs are slipping a bit—taking away one of labor's strongest arguments for more cash in the pay envelope. Also, more and more individual companies and businesses are in private depressions, inside the overall boom.

Two main wage trends are sprouting in this new climate:

NATIONAL PATTERNS ARE ENDED in

wages. You could see this coming in last year's third round. Now it's for sure—because a national pattern just won't fit a spotty economy.

FRINGE BENEFITS that give workers more security are becoming the main goal of unions. The November election showed that the public is social-security-minded. And the unions have to have something to ask for since declining living costs have taken the pressure off the need for a larger weekly pay-check.

This week Walter Reuther was the first union leader out with a fourth-round "package" demand tailored to suit the new climate.

• **What U.A.W. Wants**—The president of the United Auto Workers (C.I.O.)

let management—and the public—see U.A.W.'s 1949 bargaining goals. In a letter to all his locals, Reuther outlined U.A.W.'s basic economic demands—and undoubtedly those of the whole C.I.O. Here's what Reuther told his unionists to shoot for:

(1) Retirement programs to augment federal payments under the Social Security Act.

(2) "A substantial measure of security" against hazards of physical illness and disability—with the employer footing the bill.

(3) A wage boost to put the buying power of wages back at the level of June, 1946—when price controls were lifted.

• **Changing the Fringe**—The wage demand was an also-ran, despite union left-wing demands for a hefty pay hike. Reuther told U.A.W. locals: The union is "taking pension and social security plans out of the category of fringe de-

mands and putting them at the top of the agenda.

"The profits of industry are at an unprecedented high level, and management can afford to meet these just demands, which are long overdue, out of profits without increasing prices," Reuther wrote his locals.

Some auto contracts limit 1949 negotiations to wages. In such cases, Reuther said, U.A.W. will ask management to bargain on pensions and social security "by mutual agreement." If the employer says no, Reuther warned: "A wage demand [will be] made equivalent to the total cost of a pension plan, a social security program, plus the cost-of-living adjustment required to bring wages into line with the buying power of June, 1946."

• **Program's Cost**—Estimates of the total cost of the proposed U.A.W. "package" vary. Here are management's best guesses: The pension plan would cost 8¢ or 9¢ an hour per employee, at the start; the social security program would add 5¢ or 6¢ an hour; the wage boost would come to about 15¢ an hour. So the total could run to 30¢ an hour.

Fourth-round settlements so far have ranged—in total cost—from 5¢ to 10¢ an hour. Most of them have been in small plants.

• **Others, Too**—The Reuther program is in line with a C.I.O. convention decision to "make social insurance and pensions an issue at each collective bargaining conference." It's about what is coming in the steel, electrical manufacturing, and rubber industries—three of the pace-setters for C.I.O.

Unions have a new weapon on their side: the Supreme Court's Inland Steel decision of last year, which put welfare issues squarely into collective bargaining.

• **Table Pounding**—Union bargainers will pound on the table as hard as ever in industries where they feel the boom is going to keep on booming—steel and autos, for instance. These are the places they want to get settlements first, too. While there won't be a national wage pattern, the unions will try hard to open the fourth round with their Sunday punch.

Unionists in electrical manufacturing will want to wait until later—even though the contracts in this field allow earlier bargaining than in steel and autos. Leaders are well aware that appliances and radios are among industry's soft spots.

• **Jittery**—Other lines in which layoffs have made the union bargainers a little jittery are coal mining, hosiery, garments, lumber, rubber goods—and textiles, where an arbitrator ruled out a wage boost in a case involving 30,000 workers directly, probably 60,000 others.

In such spots, union leaders will be a lot more willing to compromise than to strike.



Dr. Lawrence R. Hafstad

New AEC Official Pushes Power Program

Power problems are coming back into the atomic-energy picture. The Atomic Energy Commission is now easing its concentration on bomb production; it's squaring away for the job of developing new and better atomic reactors—the devices which will eventually provide useful power from the splitting of uranium atoms. Its budget next year provides \$120-million for this phase, almost double this year's figure. (Bomb work next year will get \$500-million-plus.)

This week, AEC named Dr. Lawrence R. Hafstad director of its new centralized division to handle reactor development. Hafstad is director of the Johns Hopkins University applied-physics laboratory, has been on leave as secretary of the armed forces' Research & Development Board.

• **First Business**—When the AEC commissioners took over the atom job from the Army, they figured their big job was bombs. So they devoted most of their attention and money to putting production of plutonium and uranium-235 in good shape.

This concentration on bomb problems brought a lot of criticism. Navy and Air Force officials complained that AEC wasn't doing enough work on atomic engines. AEC's Industrial Advisory Committee has argued that bomb emphasis stood in the way of industrial uses of atomic energy.

• **Sidelight on Stockpile**—AEC's new approach is partly in response to this criticism. Also, it probably reflects a decision that the stockpile of bombs is large enough that bombs no longer need emergency priority.

Fewer Fish

North Atlantic grounds are becoming depleted. So U.S. suggests an international regulatory commission.

New England fishermen who go down to the sea in trawlers have been coming back with smaller and smaller catches in recent years. And to get them, they have had to sail farther and work harder.

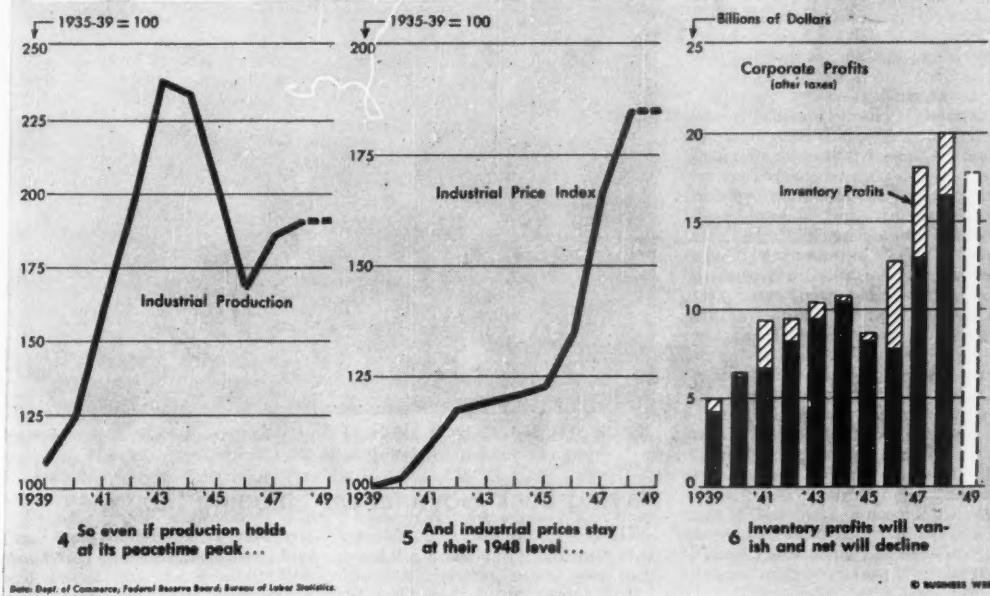
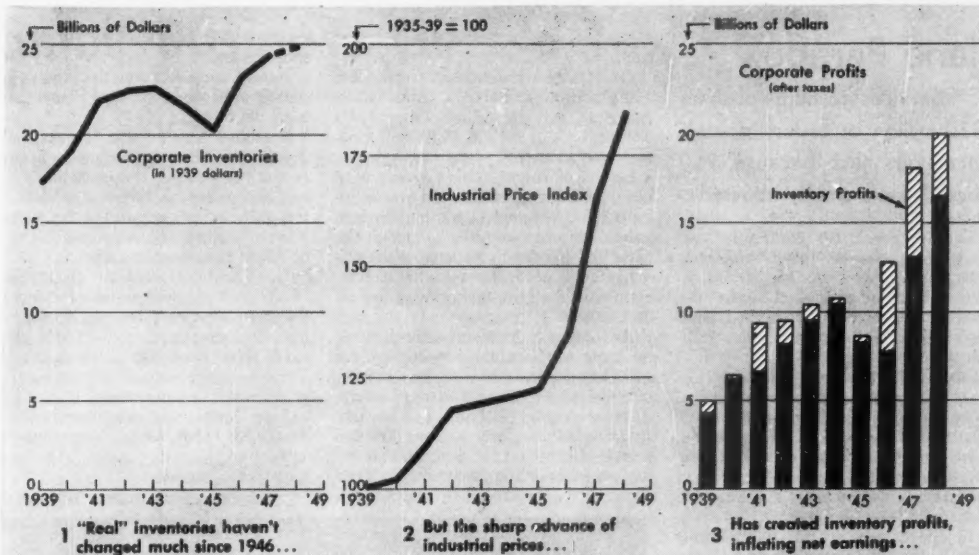
Does this mean that North Atlantic fishing grounds are becoming fished out? Many conservationists think so. So does the U. S. State Dept. At its invitation, representatives of 10 European nations—whose trawlers have been appearing in growing numbers off the New England banks—will gather in Washington next week to discuss ways and means of conserving what's left.

• **Wasteful Methods**—At stake for the U.S. is the New England fishing industry. Many conservationists lay the blame for the depletion on the fishermen themselves. They don't think that the fishermen have become any more conservation-minded than their grandfathers who hunted whale almost to extinction in the North Atlantic in the 19th century.

One of the big troubles, say the experts, is that the fishermen use nets with too-small meshes. As a result, they drag in the small fish with the large. Since the small fish are under salable limits, they are tossed back into the drink, dead. In a single year, according to Dr. William Royce of the U.S. Fish & Wildlife Service, at least 15-million lb. of baby scrod are killed off the fishing banks. • **Diminishing Returns**—In the 1920's the average annual haul of haddock alone into Boston port was around 270-million lb. In 1947, it was barely 100-million. Trawlers which once brought in 250,000 lb. of fish a year now think they are doing well to land 100,000 lb.

This state of affairs has led at least one port to seek a new way out. Gloucester (Mass.) fishermen have turned almost exclusively to fishing for rose fish—which were once scorned. Under the name of "ocean perch," they have found a ready market.

• **Precedent**—If all goes well at the Washington talks, the State Dept. hopes to see set up an international commission to regulate fishing in the North Atlantic. It has good reason to believe such a pact might work out well. Whaling is now regulated under an international agreement. And in the 20's the U.S. and Canada worked out a similar pact covering halibut. As a result, the catch of halibut, which had been diminishing, is now twice what is used to be.



Leveling Prices Putting a Pinch on 1949 Profits

The squeeze on profits is on. Prices provide one explanation.

Inventories, long the source of unearned gains, no longer are contributing strongly to corporate earnings. Some companies felt the effect of declining prices on inventory valuation last year. More are feeling it now. And even those

that don't feel the deflating effect of lower prices are doing little more than holding even.

The advantage of lower prices on purchased materials and parts won't come until later—after present stocks have been worked off. Meanwhile, other costs still are rising, presumably at the

expense of profits. Transportation, for one, is costing more. Higher federal taxes are in prospect. Most important, negotiations for fourth-round wage increases lie just ahead for most manufacturers.

Thus, 1949 holds no promise of matching record profits of 1948.

Plane Paradox

Services' reshuffle of some \$330-million of orders doesn't hurt makers much, because 1950 schedules are chiefly affected.

The Navy and the Air Force have handed planemakers what looks, at first glance, like a one-way ticket to chaos: Since the first of the year, the services have drastically reshuffled some \$330-million worth of orders for military aircraft.

• **Little Effect**—Actually, nothing like chaos has resulted. The aircraft industry—easily one of the nation's most volatile—has hardly been affected at all. With only one major exception, the changes in procurement schedules mean changes in bookkeeping, a little more paper work.

In effect, they do not mean immediate cutbacks in production and the resulting consequence of layoffs; they do not mean falling profits.

The Air Force last week said it is shifting about \$300-million of its appropriation; the Navy is shuffling some \$30-million. Here are the major effects by companies:

Gainers: Consolidated Vultee Aircraft Corp., 39 more B-36 six-engine bombers (actually, 10 of them will be a 10-engine photoreconnaissance version, with a pair of jet engines slung under each wingtip); Chance Vought Division of United Aircraft Corp., 120 more F4U-5 piston-engine Corsair fighters, partially balanced by cancellation of 33 F6U jet-engine Pirate fighters.

Losers: North American Aviation, Inc., cancellation of 118 F-93 jet fighters and 51 B-45 jet bombers; Northrop Aircraft, Inc., cancellation of 30 RB-49 eight-jet Flying Wings and 30 C-125 trimotor transports; Republic Aviation Corp., cancellation of 100 F-84 Thunderjet fighters; Glenn L. Martin Co., cancellation of 47 AM-1 Mauler attack bombers.

• **What Happened**—Among all of these companies, however, only North American has felt any immediate effect: It laid off 2,600 workers when it heard the news.

What happened in the other cancellation cases was this:

Companies producing planes for delivery in 1949 and 1950 out of 1949 service appropriations had part of their 1950 orders canceled on them. This still leaves them with the 1949 business. And before they get to 1950, the Air Force and the Navy will have their 1950 appropriations and contractual authority. When that happens (probably in about six months), the companies that lost out in the current shuffle stand

a good chance of getting their orders back.

Only in North American's case were 1949 deliveries affected. And North American may be calling those 2,600 workers back as soon as 1950 appropriations are allocated.

• **Letters of Intent**—This extreme flexibility of backlogs seems strange to industries accustomed to working on firm orders. It arises from the habit that the Navy and the Air Force have of projecting aircraft needs far into the future. Here's the way the services customarily do business:

As soon as a decision has been made on a big contract, the service involved will alert the manufacturer to a coming order by a telegram or a letter of intent. These are vague, but binding. They permit the manufacturer to start the ball rolling—borrow money, hire workers, order materials—while procurement officers

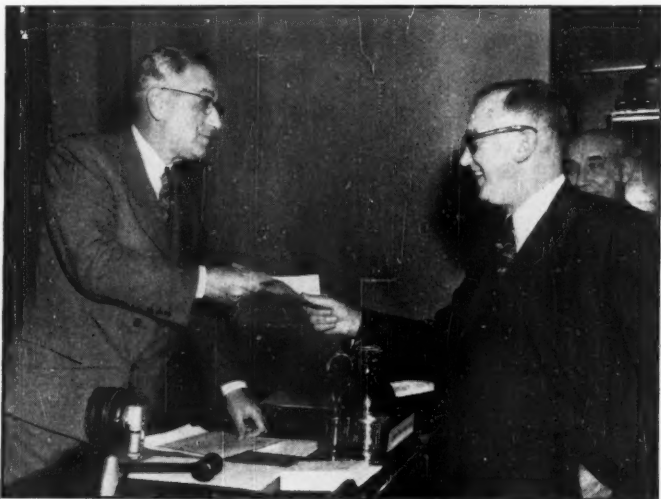
and company engineers are still talking specifications.

Formal contracts sometimes don't get signed until after the first planes have been delivered.

• **Reasons**—Why did the services make the shifts? They aren't saying, officially. In the Navy's case, the most likely reason is a policy decision to go slow on the shift to jet propulsion for carrier planes. Behind the Air Force decision lie these two considerations:

(1) The effect that an ostentatious effort to keep within the President's 48-group limit may have on an already friendly Congress.

(2) The need for a strategic Air Force-in-being, capable of striking at an enemy from continental U.S. bases, in case Congress refuses to overrule the President. That means long-range piston-driven bombers instead of short-range jet equipment.



CHECK FOR \$5.3-MILLION handed to the USMC's vice-chairman, R. S. McKeough, by American Export Lines' vice-president, H. M. Gillespie (right), helps in . . .

Paying Back Government Shipping Subsidies

Direct subsidies to U.S. shipping lines cost the government much less than most people suppose. American Export Lines dramatized the fact last week when it handed the Maritime Commission a check for \$5.3-million. That covered in full all the subsidies received by the line over the past 10 years.

• **Parity**—Purpose of the subsidy contracts is to put U.S. operators on a parity with foreign lines. The commission guarantees to stand the difference on higher U.S. operating costs. It pays the lines on a per trip basis; at the end of 10 years the line balances its books. Any profits up to 10% of investment go to

the company. Everything over that is split two ways—50% to the government, 50% to meet payments on the line's present ships and to buy new ones.

If there's a loss, USMC doesn't recapture any of its subsidy. Nor, on the other hand, does it make up the operator's loss.

• **Twelve Lines**—All told, 12 shipping companies now have operating-subsidy contracts. Seven of these will tote up their 10-year accounts this year. When these books are balanced, USMC figures that they will show subsidy payments of \$36-million as against \$26-million returned—or an average loss of about \$1-million a year on these seven lines.

Small Business Gets a Tax Break

New tax bill will probably mean lower taxes on corporations earning less than \$1-million a year. Big corporations, high-bracket individuals, and estates and gifts will bear brunt of tax rise.

The 1949 tax bill will hit big business. But it will go easy on the little taxpayer—individual and corporate.

In fact, for corporations with incomes under \$1-million it will be a tax cut, not an increase.

• **Up to Congress**—Truman says he will leave it to Congress to set the new rates. This means that there will be no Treasury tax bill, as such. Truman, in his "be-friends-with-Congress" campaign, is leaving it to the chairmen of the tax-writing committees—Rep. Doughton and Sen. George—to do the job. Neither is a "soak the rich" tax man. But then, neither will tolerate deficit spending.

This means that the next tax bill will be "for revenue only." There will be no deliberate effort to use the tax system as a way to redistribute income or to make over the U.S. economy. The showdown on that issue probably will come sometime during Truman's term. But not in this session of Congress.

• **Hard Facts**—George and Doughton have to face these three facts: Truman presented a budget that, under the present tax structure, would mean a deficit next fiscal year. Significant cuts in the budget just aren't in the cards; in two years the Republican Congress' savings amounted only to peanuts. And you can hardly label the 81st Congress economy-minded.

Before Doughton's Ways & Means Committee brings out a bill for a vote, congressmen will want to know:

(1) How many of Truman's programs—such as aid to education, universal military training, housing—will be authorized?

(2) How much revenue will present taxes bring from current national income?

• **Advice**—To get an up-to-date estimate of tax revenues, Doughton is inviting leading business economists to sit down with his experts early in February. This means public hearings won't start until around Mar. 1. Debate in the House and Senate will be drawn out, so Truman probably won't get a bill until around mid-May.

Here is a picture of what some of the tax provisions of that bill are likely to be:

Corporation Income

Most of the new money is going to come from revised rate schedules. And, because Congress is under heavy pressure to help small business, the new rates will be more sharply progressive,

with a top over-all levy of 45% to 50% rather than the current 38%.

• **Charges**—Under present rates, corporations with incomes under \$50,000 get special consideration. Their tax can be as low as 21%. Corporations bigger than that pay the maximum 38% rate.

Under the proposed changes, companies would get substantial reductions on their first \$250,000 of net income. These cuts would offset increased taxes on incomes over \$250,000, up to about the \$1-million mark. Corporations would get into the 45% bracket on their second million, into the 50% bracket above \$2-million.

• **Old and New**—So here's a comparison of the current and proposed rates:

Net Income	Tax Under	
	Present Schedule	New Schedule
\$10,000	\$2,100	\$1,000
50,000	19,000	12,000
60,000	22,800	15,500
100,000	38,000	29,500
200,000	76,000	64,500
250,000	95,000	82,000
500,000	190,000	182,000
1,000,000	380,000	382,000
2,000,000	760,000	832,000

Business has little reason for hoping that liberalized depreciation allowances might ease the burden of the new corporate taxes. They would cut government revenues too much.

Personal Income

At the outside, Congress doesn't contemplate raising more than about \$500-million in new revenue through higher personal-income levies. It could do this by restoring—in the upper brackets only—the rate cuts of the Republicans.

• **Definition**—What are the "upper brackets?" Truman said last week that he was thinking in terms of \$6,000 and up. The congressional tax writers disagree. Go below \$15,000, they say, and you take spending money from those who are fueling the consumer boom.

Incidentally, don't worry about any tampering with the split-income provision. Congress doesn't want to upset the uniformity of tax computation now prevailing among all of the states—common-law and community-property.

Estates and Gifts

The Republicans last year cut revenues from estate and gift taxes when they increased exemptions and granted

marital deductions (like the split-income provision). This cost the Treasury about \$200-million.

The President asked Congress to revise estate and gift schedules upward.

• **Proposal**—Rep. Eberharter of Pennsylvania, a New Dealer of the Ways & Means Committee, proposes that \$603-million in new money be raised by:

(1) Cutting back estate-tax exemptions from \$60,000 to \$30,000.

(2) Increasing graduated rates on estates across the board. Examples: from 3% to 5% in the \$5,000 bracket; from 77% to 80% in the over-\$1.5-million class.

(3) Reducing the exemptions on gifts. Present law allows a taxpayer to give away \$30,000 in a lifetime without incurring a tax, plus \$3,000 a year to any number of beneficiaries. Eberharter would halve these exemptions to \$15,000 and \$1,500.

Though some modification of Eberharter's proposal is likely, you can expect the Democrats to recapture the \$200-million G.O.P. cut—and more.

Excises

Pressure for repeal of many of the wartime excise taxes is growing—particularly in communications, transportation, amusements, and some low-priced luxuries.

But, because the pressure is coming from so many sides, Congress hardly dares to take action on any, lest relaxation on one open the floodgates for all.

Exception: the 10¢-a-lb. tax on colored margarine, imposed more to protect butter than to raise revenue. This probably will be repealed.

Technical Revision

Any clarification or technical changes in the Internal Revenue Code will be handled as part of the general tax bill, not separately.

There is little prospect of any revision that means loss in revenue—however justified or overdue.

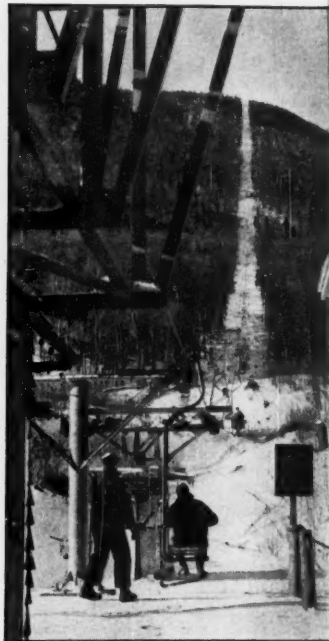
• **Hope Dashed**—The Republicans had planned a bill that would have included clarification—and relief to the tune of \$400-million. The Democrats don't see how the Treasury can afford this loss at a time when the job is to find more revenue.

So it looks as if you can forget about relaxation of the rules covering family partnerships, employee stock options, and distribution of assets in corporate reorganization.

However, some 80 language changes—noncontroversial and cheap—may be included in the general bill.



SKIING DOWNHILL like this sportsman on the 4,000 acres of snowfields at Sun Valley, Idaho, the Union Pacific's popular resort, and . . .



RIDING UPHILL in chair lifts like this at Vermont's Mt. Mansfield mean . . .

Skiers Fill the U. S. Mountainsides—and

Sport becomes big business as 4-million Americans spend \$200-million a year for equipment, lodging, transportation.

Skiing is big business. This winter more than 4-million U.S. skiers will spend \$8 to \$10 a day to swish and tumble down ski slopes from the White Mountains to the Sierra Nevadas. And each of them will put up \$20 to \$50 for new ski clothes and equipment this year alone. The most conservative estimates are that the sport will have grown into at least a \$200-million industry by the end of the season.

• **Quick Change**—American skiing has grown into a business in a scant 15 years. Back in the early '30's, the U.S. public regarded skiing as an odd form of European gymnastics. Then it caught the American fancy.

Today, winter-whitened mountainsides all over the nation are scarred with ski trails and lifts. Long lines of autos, and trains jammed with "snow-bunnies," wind up into the mountains every week end. And tiny towns that once slept through the winter now bustle to serve hordes of ski visitors—for a good price.

• **The Boom**—But the manufacturers and retailers of ski wear and equipment benefit the most from this ski bonanza.

Even at today's high prices (a beginner skier is likely to pay at least \$150 for a complete outfit), retailers report that sales are going fine.

In the retail line, A. G. Spaulding & Bros., Inc., provides a good example of what skiing means as a business. Six years ago, Spaulding didn't even dabble in the ski trade. Today, ski sales tally up to 15% of this sports outfitter's annual gross. Likewise, the growing number of ski-conscious department stores report sales of skis, ski pants, boots, poles, and parkas doubled and trebled since the war.

Manufacturers report the same kind of boom. White Stag Mfg. Co., Portland, Ore., one of the biggest ski-wear specialists, grossed \$3.5-million last year. It expects a 15% increase in sales this winter.

• **The Cause**—Outfitters pin this post-war boom on sales of war-surplus ski equipment. The low-cost surplus items, they say, encouraged thousands to buy and try. They caught the bug, came back for repeat sales—of "professional" (and more expensive) equipment.

Best of all for the manufacturers,

99% of the skis and togs they're buying are American-made. Before the war, imports from abroad had the ski market almost to themselves. Now even European "ski meisters" readily admit that U.S. firms are making better—and cheaper—skis and ski-wear than their foreign competitors.

• **Americans' Contribution**—Americans were the first to develop the laminated ski—accepted the world over as tops in ski construction. This ski is built up of many layers of wood to give extra strength and flexibility. U.S. ski-makers also brought out the all-aluminum ski—a revolution in the sport, they thought. But retailers report that the public is scared of it: Aluminum skis slip too fast down the ski slopes.

Since the best ski hills are located well out of metropolitan centers, skiers' demand for city-to-mountain transportation means a lift in winter business for railroads and airlines.

• **The railroads**—Boston & Maine R. R. pioneered the ski-transportation field back in 1931. It ran special "snow trains" from Boston to ski slopes in New Hampshire's White Mountains.

Other railroads have built winter business on B. & M.'s pattern. To encourage ski patronage, railroads publish snow conditions, show ski movies, run special



BIG SALES of ski togs and ski equipment for sports and department stores all over the northern U. S.



BIG ORDERS are sliding in for the nation's 20 ski manufacturers



HIGHER TRAFFIC in the winter is what ski business means for railroads that run ski specials to mountain areas

Cash Registers

cars equipped for ski waxing and rental of boots and skis.

• **The Airlines**—But as skiers develop from beginner to expert stage, they yearn to leave the tame slopes for the high-mountain, deep-snow areas. So there's a growing demand for air transport to more remote ski centers. That's why Colonial Airlines schedules nine flights daily this winter out of New York for Montreal, catering especially to ski traffic. Colonial offers to carry skis as baggage—no extra-weight charge. And it boasts that it will whisk a skier from New York to Canada's big Laurentian Mountain ski area in just over three hours—weather permitting.

Pan American Airways this winter offers packaged tours to Swiss and Austrian ski-centers. A 21-day, all-expense trip to St. Moritz, Switzerland, comes nicely wrapped for \$742.

• **Sun Valley**—But far and away the most daring—and most successful—ski-venture by a carrier is lush Sun Valley, Idaho, a complete ski-town built by Union Pacific R. R. Opened in 1936, Sun Valley was the brain-child of W. Averell Harriman, then chairman of U.P.R.R.

Harriman, an accomplished skier himself, guessed that the sport was here to stay. He also figured that having the

nation's biggest ski layout on a Union Pacific spur would be a good thing for the railroad's profit picture.

• **Good Guess**—He was right. Today, Sun Valley boasts eight ski lifts, room for 800 guests (with a staff of 900), a swimming pool, a skating rink, and a total investment that U.P. figures is close to \$10-million.

Excellent hunting and fishing in the area keeps Sun Valley open year 'round—a healthy condition in the resort business.

Sun Valley, however, is one of the few examples of a ski resort hacked out of the wilderness. In most cases, resort builders have moved in on small towns, expanded facilities already there, and brought in piles of money. Most striking example of this procedure is Aspen, Colo.

• **Aspen**—Back in the '90's, Aspen was a flourishing silver-mining town. Then it went bust, settled to near-ghost-town status with 600 inhabitants. In 1945 Walter Paepcke, chairman of Container Corp. of America, took a careful look at Aspen's mountainous backyard, decided on a big-time ski development (BW—Apr. 24 '48, p. 6).

Four years and \$14-million later, Aspen boasts the world's longest ski lift (8,400 ft.), hotel and dormitories totaling 600-guest capacity, and 1,500 permanent residents. Real estate that formerly went for \$20 an acre has jumped

to \$300. Skiing put silver back in Aspen's veins.

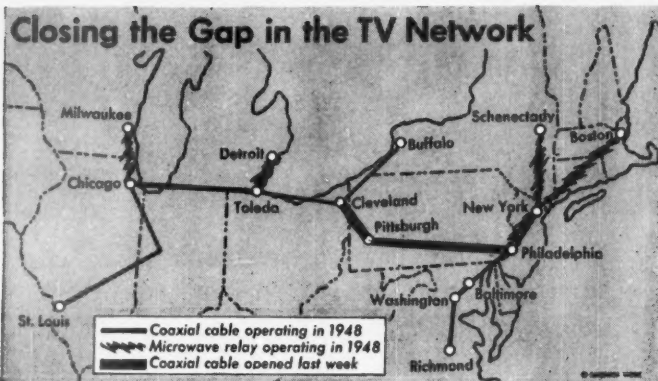
• **New England**—It has done the same thing for many a mountain hamlet in New England, too. In the pre-skiing era, New England natives used to gather 'round a pot-bellied stove and gossip the winter out. Skiing has changed that.

First snows find farm houses booked solid with ski-lodgers (at \$5 to \$7 bed and board). The man of the house spends his winter up on the mountain with a shovel, keeping ski-trails cleared. Or, in many cases, he's running his own rope tow and ski-hill behind the barn. His small, gasoline-powered tow probably cost him \$2,000 installed. And he'll get that back in a few good week ends.

The country's first ski-tow, built in 1930 at Woodstock, Vt., was little more than that. And now New England boasts 320 big, cable lifts, with 200 operators in the business. New England Council estimates the ski take for the region at about \$100-million per winter.

• **The Weather Gamble**—Each good-snow winter, that is. But so far this year, mild weather has kept New England's slopes bare.

But resort operators have to be philosophical. Said one: "When you go into this business, you take Mother Nature as a partner. You may make the best equipment or build the best layout in the world, but unless she gives you snow, you're cooked."



TV Interconnections

A.T.&T. creates one with East-Midwest coaxial cable. Justice Dept. breaks another between movie industry and Scophony's projection system for television.

In the precocious television industry, almost any happening is a "first"—if the right press agent gets hold of it. But last week there were a couple of events that merited careful notice, even without the help of press agency.

• **Two Events**—Event No. 1 was the opening of the American Telephone & Telegraph Co.'s coaxial cable between Philadelphia and Cleveland. This meant that television fans in Chicago and a lot of other midwestern cities could watch the same programs that were being aired over the eastern TV network—and vice versa.

Event No. 2 concerned one segment of the relationship between television and the movie industry. The Justice Dept. had charged two American companies with conspiring to suppress patents to a radical new large-image projection type of television receiver. The companies are Paramount Television Productions, Inc., subsidiary of Paramount Pictures, Inc., and General Precision Equipment Corp., a holding company for companies making movie equipment and instruments. Also named in the suit (which also charged a conspiracy to divide world markets for the set) were Scophony, Ltd., the British company which drew up the original patents, and Scophony Corp. of America.

Last week Justice got a consent judgment against the four companies. That gave Scophony Corp. of America a go-ahead to make the sets—which the company claimed it had wanted to do all along. S.C.A. had charged that General Precision and Paramount had tied its hands, presumably because they con-

sidered the system a threat to the movie industry.

• **The Network**—The network opening, however, made the biggest news splash. Before the coaxial cable was laid, only seven major cities could see one telecast at the same time (except on film). In the East, these were Boston, New York, Schenectady, Philadelphia, Baltimore, Washington, D. C., Richmond. In the Midwest, Chicago, Milwaukee, St. Louis, Toledo, Detroit, Cleveland, and Buffalo could be hooked together. But the two regional networks couldn't see each other's programs. Now, one program can be seen in all 15 cities.

The new cable linking the East with the Midwest makes television a lot more attractive to advertisers. With one program, they can now reach an audience estimated at 622,355 sets. Previously, advertisers have emphasized other reasons for using TV—prestige, preempting desirable time for the future.

• **The Decree**—The Scophony consent decree was a lot more complicated and got a lot less publicity than the network opening. In the end, however, its effect on the U. S. TV scene might turn out to be just as great—or greater.

The suit concerned patents on a system for receiving and projecting television broadcasts: its operation is radically different from the system in general use in the U. S. today.

• **Features**—The two main features of the system are these:

(1) Scophony uses no cathode-ray tube, substitutes instead a liquid-filled "ultrasonic cell" which can be replaced, according to Scophony officials, for less than \$1; ordinary TV signals pass

through the cell, causing the liquid to vary in density, thus refract varying amounts of light.

(2) Picture illumination is provided by an outside light source—rather than by the brightness of the cathode-ray tube. Light rays are thrown through the supersonic cell, then, via a system of scanning mirrors and lenses onto a screen.

• **British Patents**—The patents for the system were originally drawn by Scophony, Ltd., in England. The company had two big-screen sets operating in British theaters for several months prior to the war, had even completed some pilot models for home use (with 20x24-in. screens). But the war put a stop to further exploitation in the English market. So the company decided to try to get into production in the U. S.

In 1942, Scophony Corp. of America was formed and all patent rights in the Western hemisphere were transferred to that company. Stock in S.C.A. was divided into 1,000 shares of Class A (the majority of which was retained by Scophony, Ltd.) and 1,000 shares of Class B (which was divided between General Precision and Paramount Television Productions, Inc.)

• **At a Standstill**—The suit charged that the Class B directors never showed up at board meetings. And they had to be there before any business could be transacted. So the company's business came to a standstill. Thus, said Justice, the movie companies refused to exploit the patents themselves—or to permit Scophony to exploit them.

Last week's consent decree, however, cleared the decks for action. Paramount and General Precision agreed to turn over their interest to Arthur Levey, president of S.C.A., in cancellation of cross claims brought by him under the antitrust laws. And Scophony, Ltd., also must divest itself of its interest in the American company.

• **Scophony's Plans**—Scophony intends to go ahead on plans to get into production. At present Levey is negotiating for a pilot plant. Scophony will license other manufacturers to make the sets—to avoid further allegations of monopoly. When the system gets into mass production, says Levey, the sets will sell for a lot less than cathode-ray receivers giving pictures of comparable size. If the system proves popular with U. S. consumers, it could be a major blow to Radio Corp. of America—the chief licensing agent for the present cathode-ray system of television.

RCA won't say what it thinks about the market chances for the new Scophony set. It's a good bet, however, that the company won't think much of a system that (1) requires mechanical scanning cylinders rotating in synchronism with the TV signal impulse (RCA has always favored electronic scanning), and (2) competes with the RCA system.

**"You should have seen his eyes
when I proved it!"**

"Mr. Miller," I began, "our Comptometer Payroll Plan can save money for your firm."

He just looked at me, with that I'm-from-Missouri expression.

"Our Plan makes *original postings yield final results*," I continued. "With it, you enter an item *once*, and *once only*!"

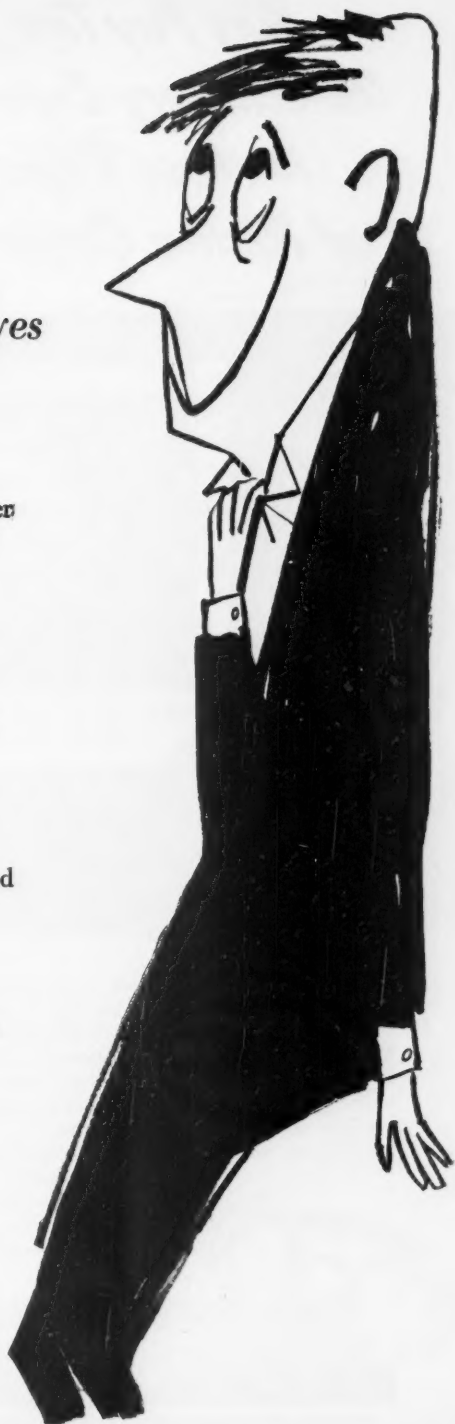
"Very good, young man, if true," he said.

I proceeded to *prove* it. *Proved* how fast and economical this plan is. And you should have seen his eyes when I did!

Why not let a Comptometer representative prove how *your* firm can slash the high cost of getting out a payroll? Ask him to show you our new booklet, "Felt & Tarrant's Streamlined Payroll Plan."

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Unlike your other rising costs of production (in payrolls, machines and raw materials) the soaring cost of eye accidents is one expense you can definitely do something about. You can "roll back" this unnecessary cost 98% because eye accidents are preventable when shop workers wear safety goggles. The average cost of goggles is about \$1.50—even the slightest eye accidents they prevent average over \$15.00. Your nearest AO Safety Representative can show you case histories of plants similar to yours where an adequate eye protection program has been eye-opening in costs saved!



American AO Optical

Safety Division

SOUTHBRIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES

BUSINESS BRIEFS

Divorcing Western Electric from Mother Bell isn't all the Justice Dept. has in mind. It also wants to dissolve W.E., reorganize it into three separate manufacturing companies.

Ralph S. Damon resigned as president of American Airlines because he found himself "increasingly out of sympathy with management programs and policies." Specifically, he objected to the proposed sale of American Overseas Airlines to Pan American (BW—Dec. 31 '48, p. 31). Board chairman C. R. Smith now bundles up both jobs in one.

Rohm & Haas' stock held by the Office of Alien Property Custodian (BW—Dec. 18 '48, p. 28) has been sold to two investment-banking groups, which are offering it to the public.

Cut electric rates 10%. New York's Consolidated Edison has been told. The Public Service Commission figures that Con Ed has been making a profit of 7% on its present rate basis—and the base is too high anyway, according to P.S.C. The cut is temporary, pending final decision on the rate base.

Pan American will cut its New York-Puerto Rico fare 25%, if CAB is willing. Round trip will cost \$180 instead of \$239.40. Could be the forerunner of other cuts in Pan Am's fares.

U.S. shipyards have more business on hand. Lloyd's Register of Shipping puts merchant tonnage on the ways at 406,848—an increase of about 45% in three months' time. Britain leads the world with 2.1-million tons under construction.

Pacific coast freeze has cut shipments of California citrus fruits. If growers follow the Florida Citrus Commission's advice, they will hold their oranges back for a few weeks so prices can be "stabilized at higher levels."

Patent squabble over hearing aids between Zenith and Dictograph (maker of Acousticon) is over. They have agreed to dismiss their suits over bone-conduction aids (BW—Feb. 1 '47, p. 16). Zenith gets a royalty-free license to use the Dictograph patents involved in the suits.

Mathieson Chemical's purchase of Standard Wholesale Phosphate & Acid Works (BW—Jan. 15 '48, p. 28) has been held up by court order. Standard's minority stockholders say (1) their stock is worth more than the offer; (2) the company has other potential buyers.



How to go home in Philadelphia

Assuming you know Philadelphia is the nation's third largest retail market place, and hub of a great trading area of over four million persons. Also that more than any other large city it's a city of homes. And, further, the way to get at this market is through family contacts.

Then—

The way to go home in Philadelphia is with The Bulletin. It's a welcome caller in more than four out of five Philadelphia homes. In two blocks on North 17th Street, as a typical example, The Bulletin goes to 38 of 44 householders interviewed. It goes home, stays home, is read by the entire family—evenings and Sundays.

• In Philadelphia—
• nearly everybody reads
• The Bulletin

Modern Steam Heat For New Catholic High School

In planning the heating installation for Canisius High School, Consulting Engineer L. A. Cherry met two basic requirements set up by the Building Committee of Canisius High School.

First, even, comfortable temperatures in all sections of the school. Second, reduce heating costs to a minimum.



Canisius Catholic High School, Buffalo, N.Y. Built 1947 and equipped with Webster Moderator System of Steam Heating. Albert A. Rumschek, Architect. L. A. Cherry, Consulting Engineer. C. Brenner & Sons Co., Heating Contractor.

The Webster Moderator System was chosen because of its ability to answer these heating requirements. With Webster "controlled-by-the-weather" heating there is no overheating. An Outdoor Thermostat responds instantly to every change in outdoor temperature. A Manual Variator permits shut-off for reduced night heating.

Webster Representatives will gladly work with you from the time your building is in the planning stage until the heating system is operating to complete satisfaction.

If you are planning the heating for a new building or bringing the heating of an existing building up-to-date, let us show you how the Webster Moderator System fits in. Get in touch with your Webster Representative or write us today.

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SYSTEM
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"Controlled by the weather"

PRODUCTION

Auto Design to Cut Costs

Buyers' market will bring demands for better values. At S.A.E. meeting, engineers tackle job of developing them.

The shadow of a coming buyers' market (page 65) lay over an important industry meeting in Detroit last week. Next year's market was the No. 1 topic of hotel room and corridor talk during the annual meeting of the Society of Automotive Engineers. In a subtler way, it showed up in nearly all the papers read at the meeting: Cutting costs was a basic theme.

• **More Per Dollar**—In the days ahead the industry figures it has to give the buyer more for his dollar. It can do it by (1) cutting costs down so that it can sell the same car for less; or (2) pushing car economy up, so that the user gets more efficient operation. Both methods got plenty of attention in technical sessions.

Cost-cutting is no new problem to the auto industry: Bigger price tags on materials and bigger paychecks for labor have forced production experts to streamline factory methods and processes during the last two years. But you can only go so far in making production itself more efficient; next logical step is to make the design more efficient. So the buck has been passed to the design engineers.

• **Saving on Materials**—Here's one way the engineers figure they can save: make their steel-buying more efficient. That was the theme of one session. Steel makers, and typical users, showed by example how more reasonable specification methods could save money on steel, speed up deliveries.

For example, say the consumer orders steel by commodity description—roofing sheet, deep-drawing sheet, etc. Then the steelmaker must find out what kind of equipment the consumer uses and what type of product he really wants it for.

• **Composition and Properties**—Specifying by chemical and composition won't always work either: All steels with the same chemical makeup aren't necessarily the same in properties. When the engineer specifies both chemical composition and desired mechanical properties, he makes it tough for the mill. Often the chemical compositions won't work out with desired properties; the steel might not fabricate satisfactorily.



HEAD of 15,000-member S.A.E. this year: Stanwood W. Sparrow of Studebaker

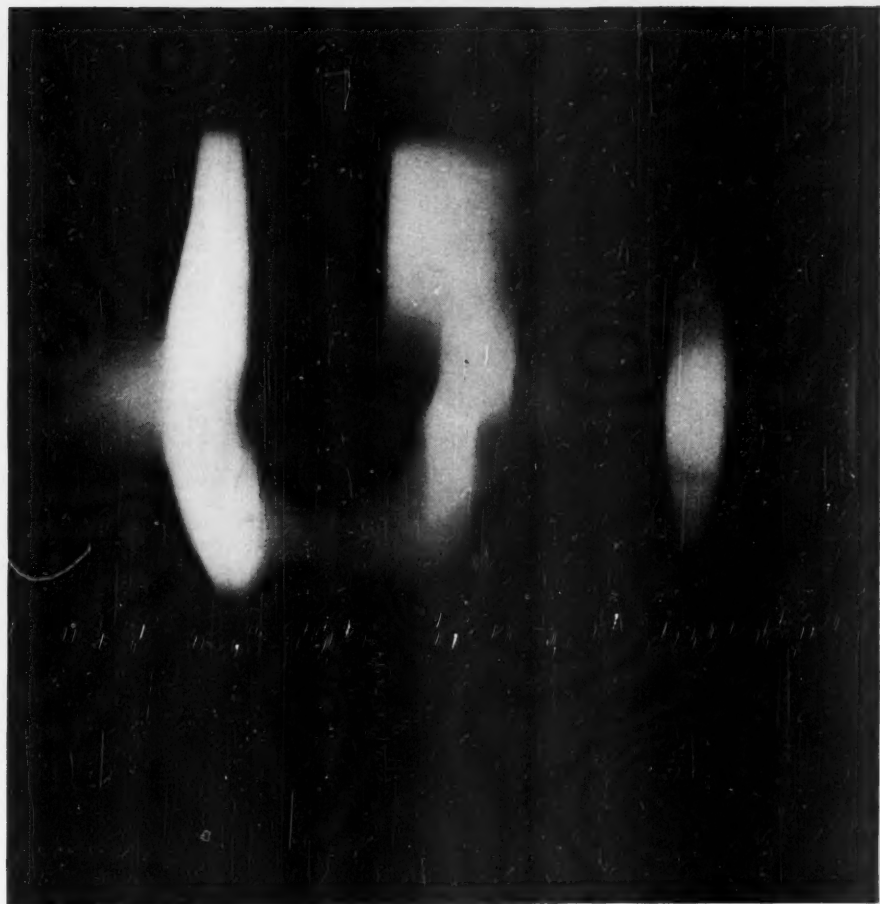
Charles M. Parker of the American Iron & Steel Institute offered this solution: Ask the mill to supply a steel for making a specific part. At the same time, tell the steelmaker what kind of equipment you use in the plant. Assuming the buyer knows the facts of life about steel processing, and the maker has a good knowledge of the customer's plant setup, this method could be the most economical deal for both parties.

• **Consumer's Angle**—Muir L. Frey of Allis-Chalmers Mfg. Co. backed up Parker's statements with a paper covering the consumer's angle on steel buying.

Frey believes that too many grades of steel are being specified. The present lists offer the engineer too wide a choice because properties of the standard steels overlap. This overlapping even occurs on the alloy-steel lists. So the natural tendency for the designer is to be too exact in specifying a different steel for each separate part, even though the part requirements might be almost the same.

• **Change in Thinking**—In certain cases where precise processing control is desired, that won't work. But often enough, Frey pointed out, if one of a pair of steels would do the job, the other should, too. All that might be required would be a minor change in equipment or a change in thinking. Frey added that the latter might be the tougher job.

Frey suggested three specific economy



Close-up of a chance to save \$250,000

• Opportunity, when it knocks, often has the look of an x-ray picture.

A large automobile manufacturer was worried by a lack of fusion at crankshaft main bearings; and by excessive machining costs.

A General Electric Industrial X-Ray unit, installed in the plant, made x-ray pictures of the casting.

X-ray showed that the use of "chills" for uniform cooling resulted in lack of fusion; was adding extra drilling time and drill breakage to the

cost of drilling oil holes in the casting.

Guided by x-ray, a series of experiments were successfully aimed at the elimination of the "chills." Savings, on one year's production, amounted to \$250,000.

General Electric Industrial X-Ray is a production tool. It turns up new profit-ways for profit-wise management. Often, a unit pays for itself on the first job. For full details, write to General Electric X-Ray Corporation, Dept. A-33, Milwaukee 14, Wisc.

GENERAL  ELECTRIC
X-RAY CORPORATION

131% DIVIDEND

IN ONE YEAR*



The Messinger Mfg. Co., Tatamy, Pa., makers of Insecticide Dusters, Corn-Shellers, Thrashers and Woodworking Machinery are reaping the benefits of Turret Lathe Productivity.

131% of the funds invested in Jones & Lamson Turret Lathes were repaid to the purchaser in one year of operation.

* Both large and small lot production of sheaves, bearing caps, blowers, blower cases, worm gear housings, etc., are now turned at peak economy on Jones & Lamson Universal Turret Lathes. One year's savings, based on labor costs alone, more than paid for three machines complete with equipment!

Messinger Mfg. Co., famous for over 90 years' experience in producing agricultural implements, reports that six obsolete lathes were replaced—with capacity to spare. Savings were due to carbide tooling, to the elimination of second operation arbor work (accurate bored jaws were faster and easier) and to the ability of the new machines to hold and repeat exact size settings by means of multiple stops.

Even if your present machines are less than 10 years old, the purchase of a new turret lathe may be justified through direct labor savings only! Show us your turning jobs and we'll furnish the facts—without obligation. Write to 710-BW for this free service.



Turret Lathe Division
JONES & LAMSON MACHINE COMPANY
 Springfield, Vermont, U.S.A.
MACHINE TOOL CRAFTSMEN SINCE 1835

moves for the engineers to mull over: (1) Use more common steels, making the minor plant changes required; (2) police your steel lists and keep them from getting out of bounds by doing away with the least-used and special steels except when essential; and (3) make more effective use of all the new techniques now available for specifying steels for particular jobs.

• **Processing Economies**—Ford Motor Co. engineers told the meeting about a processing technique that promises economies in the plant. The official name is "hot extrusion" applied to forgings. The method shapes forgings by confining the heated metal in the die so that flash (waste metal at edges) is eliminated.

Ford engineers said that the method: (1) saves steel; (2) saves in capital equipment; (3) cuts labor requirements as much as 65%; (4) saves 80% in floor space; (5) cuts die costs; and (6) produces a finished part with better properties.

• **Fuel Saving**—Another attack on buyer resistance would be for the automotive industry to improve the miles-per-gallon performance of the average car. And it looks as if fuel economy is going to get full-time industry attention during the coming year. According to W. S. James, past-president of S.A.E. and now vice-president in charge of engineering for Fram Corp., a 1% increase in miles per gallon would save American motorists about \$90-million a year.

Another point: If all the B.t.u.'s in gasoline were converted to useful power, the average car would get 81 miles per gallon. The highest efficiency that is obtainable in practice with gasoline engines is about 40%. Thus, the average car could get about 33 miles per gallon at the most. The present average is 15.

• **Design Aids**—James pointed out some mileage improvements that could be expected through better engineering. Such engineering changes, for example, would include overdrives (adding 13% to 20% in mileage), weight reduction, supercharging, better carburetion, and an ideal automatic transmission (today's are by no means ideal).

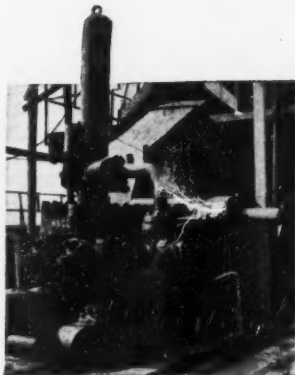
Best guess is that such improvements won't come all at once. But they will have to come eventually, because the buyer is getting increasingly cost-conscious. And gasoline today, with its added burden of taxes, represents almost one-third the cost of motoring.

• **Favorite Subjects**—But in spite of their concentration on economy in design, materials, and manufacture, the automotive boys also found time to get in a few licks on three favorite subjects—the torque converter, the gas turbine, and nonflammable hydraulic fluids.

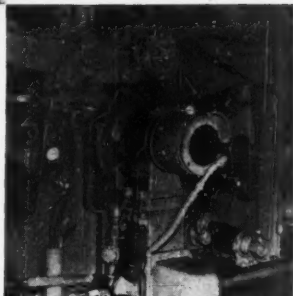
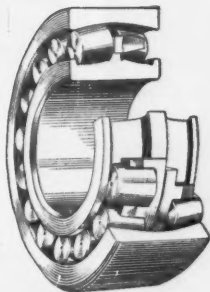
Oliver K. Kelley, engineer in charge of transmission development, General Motors Corp., talked about the auto-

Torrington Spherical Roller Bearings

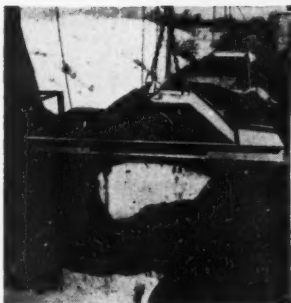
roll back costs



Emsco mounts slush pump main shaft on Torrington Spherical Roller Bearings for dependable day-in, day-out performance on the heaviest drilling schedules.



Beloit gets accurate initial and running alignment of suction press rolls with Spherical Roller Bearings. Maintenance costs go down because bearings need less attention.



Robins Car Shakeout eccentric shafts are mounted on Torrington Spherical Roller Bearings. Power requirements are negligible, thanks to the smooth operation of these self-aligning bearings.

If you measure costs in man-hours, power and production, Torrington Spherical Bearings can roll them back.

Where these self-aligning bearings operate, maintenance crews spend no time making adjustments. Proper rolling alignment is automatically maintained. Even under deflection and misalignment, the bearings run smoothly, so power input is less and service life longer. Replacements are few and far between, downtime reduced, production sustained.

Your heavy-duty machinery, too, can cost less to run and maintain with the advantages of Spherical Roller Bearing operation. Our engineers will bring to your specific friction problems specialized experience gained in every industry. Write us today.

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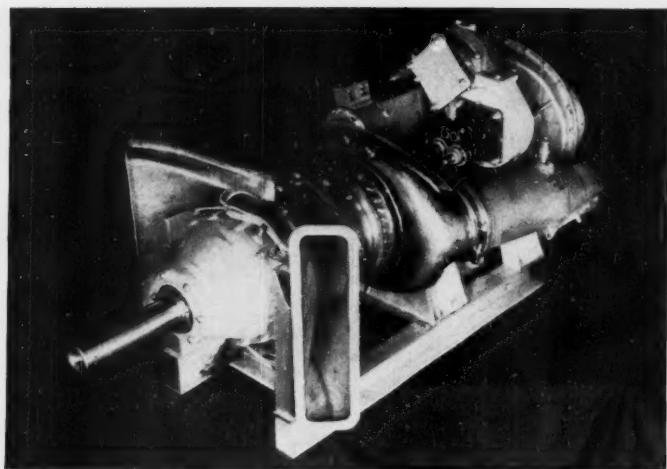
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TINY TURBINE for cars developed by Boeing engineers develops 200 hp. Weighing only 150 lb. without accessories, it has potential use in trucks and boats

matic transmission sweepstakes. He said that the latest addition—Buick's Dynaflo (BW—Jan. 17 '48, p21) — is starting the first definite trend in the industry's search for an automatic drive.

• **Torque-Converters**—That trend, according to Kelley, points definitely to torque-converters (these use no gearing, get energy from the spinning momentum of oil driven through vanes). Kelley hinted that it might be possible to combine some of the principles of the Hydra-Matic (G.M.'s automatically shifted gearing job used on Oldsmobile and Cadillac) with those of the torque-converter.

Kelley's pronouncements, coming from the biggest company in the business, created a stir. One question: What will G.M. do with its big investment in Hydra-Matic plant if it goes over to torque-converters? Presumably, keep right on using it for a while, then change over to some kind of torque-converter. Today's converters are made of special castings (like Buick's), but they could also be made of sheet-metal stampings brazed together in special furnaces. G.M.'s recent announcement that it plans to expand Hydra-Matic facilities indicates that it may use the bigger setup to make torque-converters for several of its divisions, eventually.

• **Turbines**—Boeing Airplane Co. sparked the engineer's curiosity with a pint-size gas turbine. According to S. D. Hage of Boeing, the turbine could be used in future motor vehicles. The turbine produces 200 hp., weighs about 150 lb. without accessories (picture, above). It consists of a single-stage centrifugal compressor, two constant-pressure burners, and a compressor-driving turbine.

Boeing had no figures on production costs, but the turbine would probably

cost less per horsepower to make than conventional reciprocating engines. Some problems facing the developers: Air consumption is high—that means high friction losses; compressor inlet noise is troublesome; idle fuel consumption is high. These will be ironed out as work goes on, according to Hage.

• **Hydraulic Fluids**—Hydraulic fluids that won't burn have been a high-priority item on aircraft and petroleum company agendas for several years. Indications are that considerable progress has been made, although a completely satisfactory fluid is not yet in the works.

So far, according to aircraft-company and research experts, the ideal fluid hasn't been found. Opinion was generally agreed that an improved fire-resistant fluid would take five years to develop; completely fire-resistant fluid would require as much as 10 years to develop and evaluate.

DIECASTING MAGNESIUM

Litemetal Dicast, Inc., of Jackson, Mich., is now producing magnesium die-castings at a lower cost per piece than aluminum castings made in the same dies. Reasons, according to the company: (1) The magnesium alloy they use costs less per pound; (2) it's lighter than aluminum; and (3) with proper experience, casting rates are faster. However, reject percentages run higher than for aluminum.

Magnesium castings require special surface treatment and finish to cut down corrosion. Fairly special equipment is also required for the casting operation.

Typical pieces now being made of diecast magnesium include textile bobbins, small engine and lawnmower parts, electric motor endbells and frames.

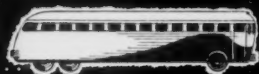
Plane



Train



Bus

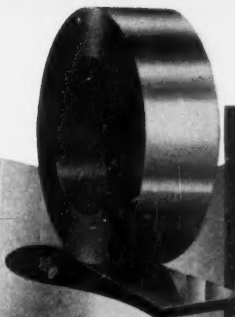


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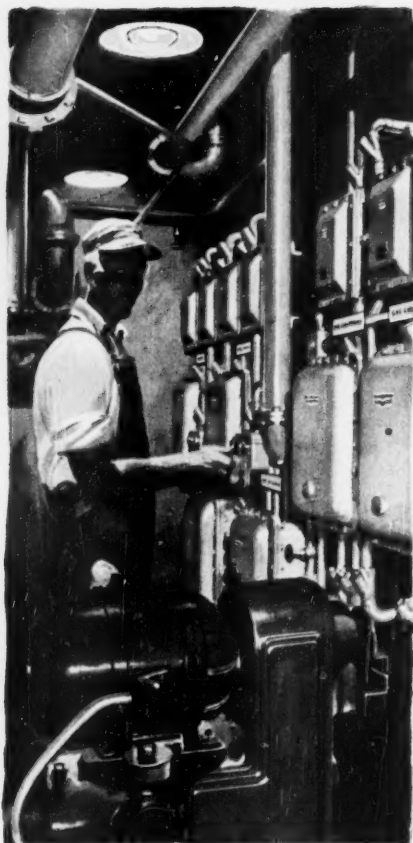
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For more than fifty years, Cutler-Hammer engineers have worked with the technical and operating men of all industries, with electric motor builders, with machinery designers . . . to create exactly the motor control needed for every operating requirement and every operating condition. From such long and intensive specialization, complete lines of special Cutler-Hammer control equipment have been developed to meet the needs of many specific industries. It has made Cutler-Hammer Motor Control available for use in hazardous locations where explosive dust or gases may occur, for use in the open under the desert's sun or win-

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Cutler-Hammer general purpose motor control is recommended by a majority of all electric motor manufacturers, featured as standard equipment by leading machinery builders, and carried in stock by recognized electrical wholesalers in every locality.



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Most every man responsible for the operation or maintenance of electric motors today has had many proofs of the extra values this broadest of all engineering experience endows every motor control unit marked with the universally recognized Cutler-Hammer name. For this reason, more and more plants are consistently standardizing on Cutler-Hammer Motor Control and refusing to accept any substitute. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto.

PRODUCTION BRIEFS

Engine analyzer—Sperry Gyroscope's device that detects and diagnoses engine troubles in flight (BW—Oct. 11 '47, p52)—has been installed on a regular run by Pan American. It's the first of 38 on order.

Rayon-yarn makers expect to boost production capacity by 8% in the next 16 months. Survey by Rayon Organon, industry statistical bulletin, puts capacity at 1.1-million lb. in March, 1950.

American Optical is building up a new research lab in Stamford, Conn. It has bought a six-acre tract, will completely remodel the building on it.

The Pennsy's train-to-signal-tower phone system will be stretched to cover 350 more miles this spring. The system also keeps trains in direct contact with each other.

G. M. passed the million mark on production of its Hydra-Matic transmission. Detroit Transmission Division has been turning them out since 1939.

Durisol is in production at Beacon, N. Y. It is a lowcost building material made by combining wood chips with Portland cement (BW—May 1 '48, p54).

No. 2 cyclotron in U. S.—at the University of Rochester—has gone into operation after 24 years of construction and development. The 250-million-volt atom-splitter was financed by the U. S. Office of Naval Research.

Du Pont will award grants-in-aid of \$10,000 each to ten universities. Funds are for unrestricted use in fundamental chemical research.

Stratovision, the airborne video system developed by Westinghouse and Glenn L. Martin (BW—Jul. 3 '48, p25), has come out of the experiment stage. The companies say the system is now set for commercial and military development.

Mine output was up 4% last year over 1947's tonnage. Early estimates show that dollar volume hit a record peak of \$15.6-billion—26% higher than the previous year.

Willys will step up output of Jeeps and station wagons by about 50%, will cut back production on its Jeepster. Still in development: the military super Jeep that steers with all four wheels.

How much do you know about Asbestos?



The Romans are said to have used shingles as early as 200 B.C. But it wasn't until 1905 that K&M developed America's first shingles of asbestos-cement.

Recently, fire raged through an Eastern turkey farm, killing 5000 birds in wood turkey houses. 7000 other turkeys were spared—thanks to houses built with K&M "Century" Asbestos-Cement Shingles on sides and roof.



Fire gutted this 2-car garage, destroyed the car inside. But the "Century" Asbestos Shingle roof, applied 25 years earlier, withstood the blaze and kept it from spreading to adjoining buildings.

Suppose that blazing garage had been yours—perched right next to your home!

What a relief it would be if both the garage and your home were sided and roofed with K&M "Century" Asbestos-Cement Shingles! Shingles that defy fire . . . as well as weather, termites, rodents, decay and maintenance costs! Shingles that—for all their utilitarian value—are truly beautiful . . . beautiful down through the years.

"Century" Shingles can be applied with equal ease on new installations or over existing siding. Surely here is the material you want for your home. Charming yet practical . . . and priced surprisingly low. Our literature gives complete information. Send for it.

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MEN AND MACHINES get together to wage war on costs at . . .

Materials-Handling Show

How handling equipment will cut your costs is message of big exposition. Manufacturers look for tougher sales job in 1949. So they're stressing new attachments for added selling lure.

The drone of conversation at the Third Materials-Handling Exposition last week had a persistent theme—"cost reduction." Executives who visited the 240-booths that crowded Philadelphia's Convention Hall heard the words again and again. Industrial truck manufacturers, conveyor makers, builders of mono-rails and cranes, all were using them.

• **Persuasive Statistics**—There were few makers who couldn't whip out statistics to show how mechanized handling had slashed costs on specific jobs. Warehouses that used to spend \$44 to unload a boxcar were doing it for \$7 with fork trucks. A railroad cut car-unloading time 75% by shifting to cranes and trucks for sugar handling. An auto-maker adopted a unit system for loading springs. Result: 92% hacked off loading time; \$71.58 saved on each freight car.

The materials-handling industry served up a whopping production to put across its message at the show. There were more than twice as many exhibits on the floor as there had been two years ago.

• **More Competition**—To some companies, that spelled sharper competition for this year's market. Most truck manufacturers talked cheerfully about the coming months. But none of them felt he could keep up last year's sales pace without plenty of pavement pounding. In 1948, sales of industrial trucks hit \$110-million, up 10% over 1947, as

measured by an Econometric Institute survey. Even so, several manufacturers reported sales down from 5% to 8%. For makers of heavier equipment—elevators, moving stairs, and conveyors—survey figures showed sales off 8% from 1947's peak.

To snare buyers' harder-to-get dollars this year, most truck manufacturers stressed design changes and new attachments. The object is to make their machines more versatile, cheaper and more efficient to operate.

• **Something Added**—Several companies added "push-pull" devices to their machines. These grab hold of loads piled on cardboard sheets, pull them onto the fork trucks. That way, you eliminate pallets. One of the industry's top problems is the freight cost of palletized shipments, for railroads still charge the same rate for pallets as for the commodities carried. For many companies, that wipes out any saving they might get from unit loadings.

Other manufacturers stressed special-purpose attachments, such as grippers and scoops, which can be interchanged on fork trucks in a few minutes.

Deliveries on most standard industrial trucks are better than a year ago. For most lines, including new models, they are running from "in stock" to 30-45 days. Prices, in general, are up.

• **New Transmission**—At Clark Equipment Co.'s booth, show-goers got their

Living a Good Life with a Bad Heart



1. To look at him, you would never guess that there is anything wrong with this man's heart. He is just a bit over 50 years old, active, happy, and getting a lot out of life—yet he has heart disease.

Like everyone else his age, his heart had beaten about *one and three quarter billion times*. Of course it was not as strong or as adaptable to sudden de-

mands as it had been in youth, but he had no warning signs of heart trouble.

As a result of periodic medical examinations, his doctor was able to detect his impaired heart *early*, when chances for improvement are best. Today, by following his physician's advice, this man can lead a useful life of nearly normal activity.



2. He enjoys many mild forms of exercise, but carefully avoids any *oerexertion* which might further strain his weakened heart.



3. By eating moderately, he lightens the work of his heart during digestion. This helps to avoid overweight, which is always a burden for the heart.



4. He is able to carry on his daily work, but allows plenty of time for sleep and rest. His heart then will have a chance to rest, too.



5. He maintains a calm and cheerful outlook, for his doctor explained that fear, worry, or nervousness might make his condition more serious.

MEDICAL SCIENCE has made many advances in treating heart ailments, and more research than ever is being done on these diseases. The Life Insurance Medical Research Fund, supported by 148 Life insurance companies, is devoting all its resources to studies of this problem. For other helpful information about heart disease, send for Metropolitan's free booklet, 29-S, entitled "Your Heart."

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Business Forms



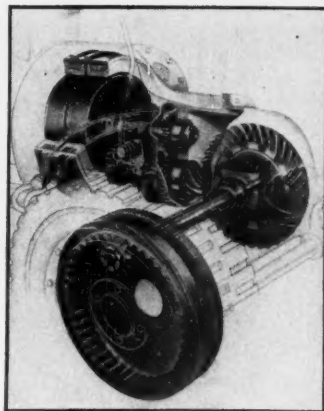
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NEW TRANSMISSION works on electro-magnetic principle, cuts out metal wear

first look at the company's new electro-magnetic transmission (picture, above). Installed in a 6,000-lb.-capacity truck, the Dynatork Drive has two magnetic coils mounted in the rotating flywheel. These coils are surrounded by magnetic poles. Each coil can turn with the flywheel and drives appropriate gears for forward and reverse. Switches on the steering column give you forward, reverse, and neutral. Thus, when you flick the forward switch, the "forward" flywheel coil is energized and a magnetic field is set up between the "forward" coil and rotor and the flywheel. This transmits a driving force through the gearing to the axle and to the wheels. Clark says that the drive makes it possible to reverse direction instantly, that it cuts wheel slippage, reduces repair cost and "down time."

• **Gasoline Truck**—In the limelight at Yale & Towne Mfg. Co.'s booth was the company's first gasoline-engine truck. The 6,000-lb.-capacity job has a standard Chrysler fluid drive; it moves from slow speed to fast speeds without clutch operation or gearshifting.

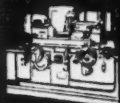
• **Remote Control**—Automatic Transportation Co. caught spectators at its exhibit with a working demonstration of a driverless fork truck operated by remote control. It was designed to get attention for Automatic's staple line, and for two new developments—a revolving attachment for trucks to handle paper bales, and a "push-pull" attachment for the company's Skylift electric truck.

Hyster Co., like others, pushed new truck attachments to eliminate palleting. Hyster also showed a new straddle truck for carrying lumber and pipe. The driver has full visibility to load and unload from his seat.

• **Exhibits**—At Elwell-Parker Electric Co.'s stall, buyers got a look at E.P.'s first hydraulic lift truck. Also on the



GRINDING WHEEL



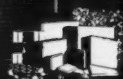
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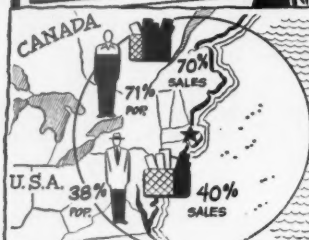
The main Worcester plant of Norton Company—world's largest producer of abrasive products

NORTON COMPANY

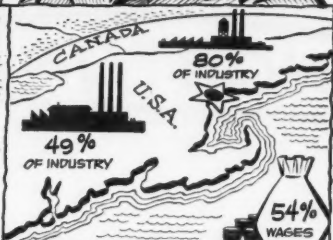
WORCESTER 6, MASS.

Behr-Manning, Troy, N.Y., is a Norton Division

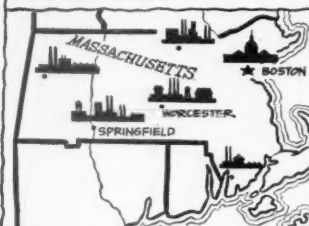
NEARNESS to MAJOR MARKETS makes MASSACHUSETTS the BEST LOCATION FOR ME



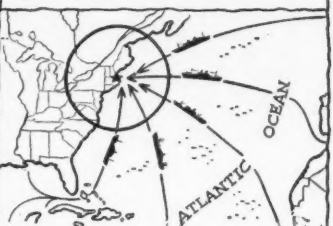
"Within 500 miles of Massachusetts live 38% of the U. S. population . . . 71% of Canada's population. 40% of U. S. retail sales and 70% of Canadian retail sales are made here."



"49% of U. S. manufacturing plants and 80% of Canadian factories are within this area. The workers take home 54% of all industrial wages paid in the U. S."



"And there's a substantial local market. Bay State population centers are compact, easy to reach, economical to sell. Massachusetts is 6th in per capita sales."



"Boston is the closest major port to Europe, Africa, Rio, B. A. — ideal to tap world resources or ship finished goods by water, rail or plane to American and foreign markets."



"That's why I set up shop in Massachusetts . . . and that's why I'm expanding my plant. There's \$200,000,000 in new industrial construction going in the Bay State right now . . ."

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floor: a pusher-gate attachment for fork trucks that shoves cartons off the pallet for freight-carloading.

Colson Equipment & Supply Co. had a full lineup of casters, hand trucks, barrel and drum trucks, and lift-jack systems.

Lewis-Shepherd had a new 2,000-lb.-capacity tilt-type stacker; also, full-free lifts on its fork trucks.

Whiting Corp. showed the new line it has acquired from Spencer & Morris Trambeam Systems, plus its standard hoists, light cranes, and heavy cranes.

Payloader Buggies caught second looks from construction men at the Frank G. Hough's exhibit.

Mercury Mfg. Co. showed a new load-carrying shuttle truck.

Jervis B. Webb Co. moved overhead with specialized track conveyors.

Globe Hoist Co. had on hand models of air, oil, or electric hydraulic lifts and elevators.

PLATINUM FOR INDUSTRY

This week some trends in the rare metals field became clearer. The platinum metals—platinum, palladium, rhodium, ruthenium, iridium, osmium—are (1) getting into wider commercial use (two-thirds of all sales now go to industry); and (2) palladium is creeping up on platinum in industrial favor.

Source for the statements is Dr. Charles Engelhard, president of Baker & Co., reportedly the world's biggest dealer and refiner. Sales of the metals to consuming industries, for the first nine months of 1948 were 259,000 oz. Rates of sale confirmed the trend to palladium: Platinum went at the rate of 14,000 oz. a month, palladium at the rate of 13,000. Typical uses for platinum: spinnerets for making rayon and glass fibers, feeder dies for pushing glass into electric light bulbs. For palladium: precision contacts, catalysts in the production of chemicals and vitamins.

TRADE SHOWS SURVEYED

Many an executive asks himself every now and then: How many industry shows should my company support?

Since the war, the number and frequency of trade shows has jumped high. To help individual industries assess the trend, the Exhibitor's Advisory Council—an association of manufacturers interested in shows as a sales promotion medium—is making a mail survey among thousands of individual companies.

E. A. C. wants to know: (1) how many shows each company had in its 1948 budget; (2) what each company's plans are for 1949; and (3) reasons for any changes in plans.

The Council will report on the answers. Findings will be available to all companies that took part in the survey.

**LOAD-
FLOATING**



CASTERS

**Give Your Old Trucks
Cost-Cutting Efficiency—Like New**



*"See the Difference
Mr. President?"*
it's in the Casters

By equipping your old hand-trucks with Colson casters and wheels you have the advantages of a new fast-rolling fleet—at very small cost. Colson casters are designed for fast easy load-handling, smooth handling, too, that protects the products they carry as well as your floors.

There are 1458 designs of Colson casters, each one engineered to meet a special materials-handling problem. Let the Colson engineer make a survey of your plant, to find which Colson casters, hand-trucks, barrel and drum trucks, platform trucks, lift-jack systems, dollies, etc., can cut your costs, speed your operations. It won't cost you a cent and may save you a great deal. Write us or consult the yellow pages of your phone book for the local Colson office.

THE COLSON CORPORATION

ELYRIA, OHIO

CASTERS • INDUSTRIAL TRUCKS AND PLATFORMS • LIFT-JACK SYSTEMS • BICYCLES • CHILDREN'S VEHICLES
WHEEL CHAIRS • WHEEL STRETCHERS • INHALATORS • TRAY TRUCKS • DISH TRUCKS • INSTRUMENT TABLES

BULK



DIG up full bucket loads of any bulk material

MATERIALS



CARRY without spilling at speeds up to 16 mph

HANDLING



DUMP into trucks, containers, bins, hoppers, piles

SIMPLIFIED

Hough Payloaders will handle your bulk materials quickly and cheaply... will scoop up and carry them rapidly through narrow aisles and doorways, up and down ramps, on pavement or bare ground. They discharge their bucket loads into hoppers, containers or bins—high or low, slow or fast—by controlled hydraulic action. Perhaps Payloaders can solve bulk handling problems in your plant as they have in hundreds of others. Write for full facts, to The Frank G. Hough Co., 700 Sunnyside Ave., Libertyville, Ill.



NEW PRODUCTS



Process Overcoat

A new low-temperature insulation, Zerolite, has come out of the laboratories at Johns-Manville. Made of mineral wool and resin binder, the product is marketed as sheets, lagging, and as pipe insulation.

Zerolite has been designed specially for use in a temperature range of -400F to 250F, Manville says. It is fire resistant, will stand up under dousings from solvents like benzol, methyl ethyl ketone, and petroleum fractions and derivatives. In tests, it showed no moisture absorption after 96 hours in air of 75% relative humidity; water absorption was only 2% by volume after immersion for 24 hours. The insulation has a heat conductivity value of .28 at 70F. Manville is at 22 E. 40th St., New York 16.

• Availability: immediate.

Norge Appliance Additions

Leading the parade of new Norge equipment this year is an automatic washer of 18-lb. capacity. Norge engineers say it takes twice as big a load as any other fully automatic machine. Yet, they report, it fits in about the same floor space as other models.

A second home-laundry addition, priced at the low end of the scale, is a "standard" model that sells for under \$100. It handles a load of about 8½ lb. A third washer, the "de luxe standard," has an automatic timing device that shuts off the machine motor when the wash cycle is finished.

Other new Norge appliances: a 20-in., four-burner gas range; a table-top electric water heater in 30-gal. and 40-gal. sizes; a 20-in. electric range.

Norge, a division of Borg-Warner

Corp., has its headquarters at 670 E. Woodbridge, Detroit.

• Availability: models now in dealers' hands.

Plug-in Compressor

Another lure for the home tool collector is a portable air compressor that runs from a light socket or wall plug. It weighs about 32 lb., is sold either as a separate unit or with a complete paint-spray outfit.

Made by DeVilbiss Co., 300 Phillips Ave., Toledo 1, Ohio, the NCD compressor delivers 2½ cu. ft. of air a min. That's enough to hold a large spray gun at a pressure of 35 p.s.i., the company says. The unit runs on a ½-hp. motor, has sealed ball bearings, a copper filter element to trap dust and dirt. A blower on the motor shaft draws air through the filter, pushes a cooling stream over working parts. Overloading is impossible, the company says; a safety valve opens before any damage can take place. The operator can regulate air pressure and volume.

• Availability: immediate.



Speed Controller

General Electric Co. has a new low-cost version of its Thy-mo-trol drive for speed control on small lathes, grinders, pumps, and conveyors. Built in ratings through ½ hp., the drive has an electronic circuit that gives you the flexibility of d.-c. operation from a.-c. power lines.

The drive operates on 220-v., 60-cycle a.c. It has a 20-to-1 speed range from 1,725 r.p.m. to 86 r.p.m.; reversing or nonreversing models are available. Designed for constant-torque loads, the

Long Live "King Burger"



King Hamburger still reigns supreme in American foodlore despite the inroads of some 50 kinds of "burgers" being made—and presumably eaten—in these United States. His jaunty crown of pickles and onions is not likely to be unseated even by such newcomers as the euphonious "turtleburger".

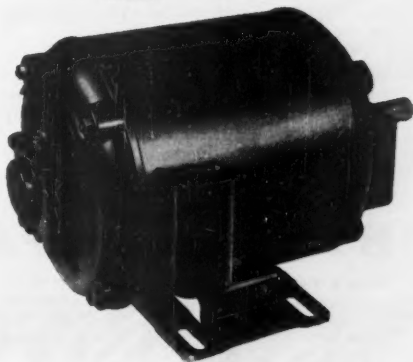
Even in such mundane business as the supplying of hamburger, Wagner motors play a role of dependability and economical efficiency. Many types of meat cutting and grinding machines are powered by Wagner motors.

In fact, any application requiring a standard type motor, from 1/125 hp. to 400 hp., can be perfectly served by a Wagner motor. Wagner makes a complete line of standard motors for all current specifications, with a wide variety of enclosure types and mountings.

Wagner engineers are qualified to specify the correct motor for *your* requirements. Consult the nearest of our 29 branch offices or write to Wagner Electric Corporation, 6460 Plymouth Avenue, St. Louis 14, Mo., U. S. A.

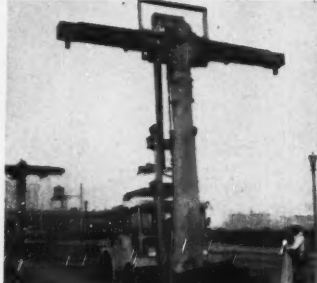
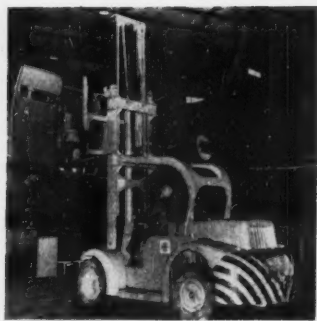
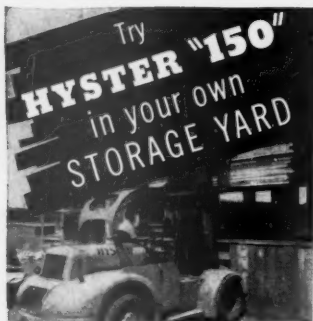
Wagner Electric Corporation
6460 Plymouth Ave., St. Louis 14, Mo., U. S. A.

Wagner Type RA single-phase motors have characteristics of high starting-torque and low starting-current, making them especially suitable for motor-driven machines having high inertia.



WM49-1

ELECTRIC MOTORS • TRANSFORMERS
INDUSTRIAL BRAKES
AUTOMOTIVE BRAKE SYSTEMS — AIR AND HYDRAULIC



**7½ TON CAPACITY
STACKS UP TO 24 FEET
CURRENT DELIVERY**



The way to find out how much a Hyster "150" Fork Type Lift Truck will save you is to try it on your own job—on your own "home grounds."

Every materials handling job is different, but if you have heavy, bulky loads that must be handled fast and at low cost, take a good look at the Hyster "150". Big pneumatic tires. Low speed of 3½ MPH gives traction and power for any job. Top speed of 23 MPH for transporting. A tough, reliable machine for rough work indoors and outdoors in any storage yard.

The Hyster distributor in your territory can show you. If you would like a catalog, use the coupon.

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Three Factories

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for
Literature**

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2907 N.E. Clackamas St., Portland 8, Ore.

Please send Hyster "150" catalog containing model and action pictures, specifications and engineering data.

Name

Company

Street Zone

City State

drive is built so that speed can either be preset or be varied during operation. It will work under normal variations in industrial voltage, but it won't compensate for changes in line voltage.

The equipment is mounted in a compact panel box, can be installed either on the machine or separate from it. G. E.'s address: Schenectady 5, N. Y.

• Availability: deliveries from stock.



Looping Laths

Flexible wood panels that bend around wall curves or twist into odd shapes for display setups are imported by Wall Trading Corp., 170 Broadway, New York 7.

The Superflex panels, manufactured in the Netherlands, are made from narrow wood laths. These laths are glued side-by-side on a veneer. They are put together so that panels can be curled into a circle or shaped into "S" curves. They can be put up on a simple wood frame. The panels come in a 4x8-ft. size, are available in standard veneers of birch or beech and in oak and mahogany. Thicknesses are 7/16 in., 19/32 in. and 25/32 in. The birch panels, the company says, are the most flexible.

• Availability: three to four weeks.

Lightweight Engine

Power Products Corp., Grafton, Wis., has wound up development work on its latest entry for the lightweight engine field. The Model 3,000—a 2-hp., air-cooled job—weighs 23 lb. It's designed for pumps, compressors, spraying equipment, and lawnmowers.

The engine measures 11½x13½x14½ in., can be used either vertically or horizontally. Twin opposed cylinders have been used to cut vibration. Even at tilts of 45 deg., the motor will start

easily and run without stalling, the maker says. The new engine has been in the works for over two years; it follows the company's earlier 1-hp. edition (BW—Sep. 14 '46, p86).

• Availability: single orders in 30 days, "reasonable" quantities in 60 days.



Tube Base Tester

Engineers at RCA have worked out a testing device to trim trouble-shooting time in radio repair work. With the Miniature Testpoint Adapter you can check tube base connections without removing the set chassis.

The adapter fits into the tube sockets in the set. Then you plug the tube into the adapter. When it's in place, the base connections of the tube are exposed so that you can get at them easily with testing probes. Thus, you can measure voltage and resistance, make gain checks and other tests, without groping through under-chassis wiring and parts to get at the socket terminals.

By using one adapter for each tube in the receiver, the tester can make stage-by-stage circuit checks in a few minutes. The adapter will take any 7-pin miniature tube. RCA Victor Division, the manufacturer, is in Camden, N. J.

• Availability: immediate.

P. S.

Check controller imprints, protects, adds, lists, signs, and counts checks in a single operation. Working speed: 1,500 an hour. The machine has a sealed channel between writing and signing units; a locked container for the finished checks. Made by Todd Co., Inc., Rochester, N. Y., it's called the Bank Balance Controller.

Single-speed rear axles can be ordered when you buy a Ford F-6 or F-8 truck. Up to now, the models have been available only with two-speed axles.



How can employers guard against large dishonesty losses?

Your judgment in picking people for positions of trust may be of the very best, but it has to be based mainly on past records of character and integrity. It can give you no guarantee against future developments which may induce the most trustworthy employee to succumb to the combination of temptation and opportunity and become an embezzler.

Fidelity Bonds offer business management the only positive means for dealing with this employee dishonesty risk. Such protection in its most modern and highly perfected form can be provided for your organization through Hartford Blanket Fidelity Bonds which offer:

1. Repayment of losses of money, merchandise or other company property stolen by employees, whether or not the identity of guilty employees is known.
2. Coverage on *all* personnel—executives, sales staff, office workers and construction crews, watchmen and maintenance men, etc.
3. Hartford Blanket Bond rates are at the lowest point in history.
4. Automatic protection against personnel changes, eliminating the danger of uninsured losses.
5. Reduced record-keeping and handling expense, since it is unnecessary to report personnel changes or make premium adjustments during the bond term.
6. Freedom from personnel troubles—because Hartford Blanket Bonds cover *all* employees alike, there is no cause for any feeling of discrimination.

These and many other benefits of Hartford Blanket Fidelity Bonds are worth your consideration. Your Hartford agent or your own insurance broker will gladly furnish full information on request.

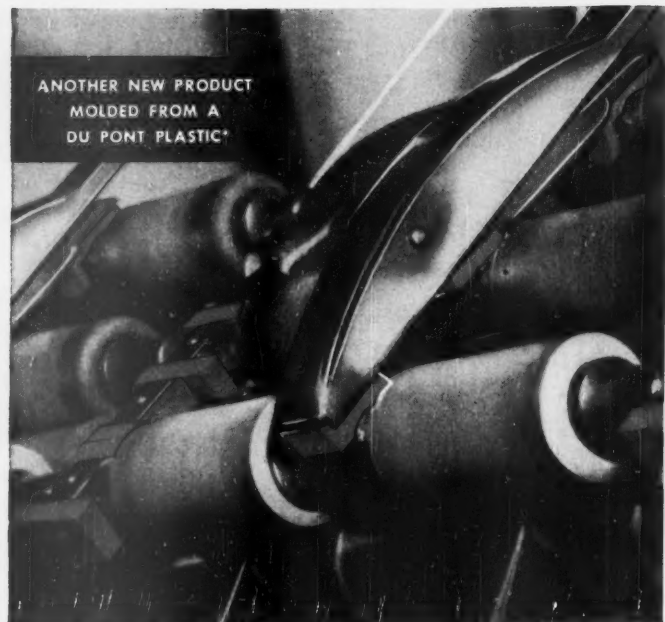
HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY
Hartford 15, Connecticut

Year in and year out you'll do well with the Hartford



ANOTHER NEW PRODUCT
MOLDED FROM A
DU PONT PLASTIC*



NEW NYLON BEARINGS NEED NO LUBRICATION

Textile-machine parts of Du Pont nylon plastic last for years... slash costs

Oil has long been a problem in the making of yarn. In spinning, the yarn is drawn through rollers that stretch and align the fibers. The parts that keep these rollers weighted and in place are called "saddles" and "cap bars." The bearing surfaces of the saddles and cap bars require frequent time-consuming oilings. An average mill may have as many as 135,000 such places to oil as often as once a day. Frequently, oil gets on the rollers and is transferred to the yarn—necessitating costly cleaning. In addition, the oily rollers pick up lint that must be removed by hand. And when the oil supply on the bearings gets low, the rollers slow down and cause uneven spinning.

But today, yarn makers can solve this problem. For when molded nylon bearings replace metal bearings, no lubrication is necessary. They can be installed and practically forgotten. In one textile plant, nylon bearings have been in constant use, without oiling, on all three shifts for two years... and still show little or no wear.

Big savings result here because use of nylon bearings 1) eliminates oiling, 2) reduces yarn damage, 3) helps

maintain uniform yarn quality, 4) virtually ends roll-picking, 5) reduces average power consumption.

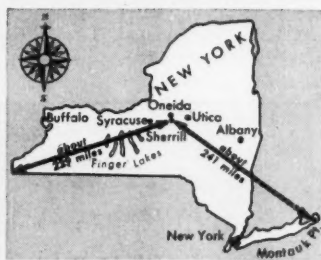
This success story is typical of those you'll hear about products molded of nylon. Can nylon plastic solve a problem for you? Write today for helpful facts about this and other versatile Du Pont plastics. Just address E. I. du Pont de Nemours & Co. (Inc.), Plastics Dept., Room 601, Arlington, N. J.

*Saddles and cap bars manufactured by Dixon Lubricating Saddle Co., Bristol, R. I., under the trademark "Sixconic," are equipped with nylon bearings molded by Atlantic Plastics, Inc., Flushing, L. I., N. Y.

Tune in—Du Pont's famous "Cavalcade of America"—Monday night, NBC coast to coast!



READERS REPORT:



Sherrill's Place on the Map

Sirs:

Concerning your article on Oneida, Ltd. [BW—Nov. 27 '48, p32]:

The city of Sherrill is not located "in the picturesque Finger Lakes region of western New York." It is located in central New York some 50 miles distant from the first Finger Lake. As a matter of fact, the city is located much closer to the eastern border line of New York State than to the western state line.

We in Utica are very much pleased to read this splendid article, as Sherrill is located only 20 miles from our city, both cities being located in Oneida County.

VINCENT R. CORROU

CHAMBER OF COMMERCE,
UTICA, N. Y.

• Reader Corrou is quite right that Sherrill is closer to Utica than to the Finger Lakes [map above]. But the Oneida company executives who helped us gather information consider themselves to live "on the fringe of the Finger Lakes region."

As to the statement that Sherrill is much nearer the eastern than the western border line of New York State: Would it be unfair to count Long Island—the eastern tip of which is 241 miles from Sherrill (while the westernmost boundary of New York is 229 miles from Sherrill)? Yes, we're afraid it would be unfair, and by decent measurements Reader Corrou is right. But Montauk Point surely does stick away east.

Chrome Surfacing

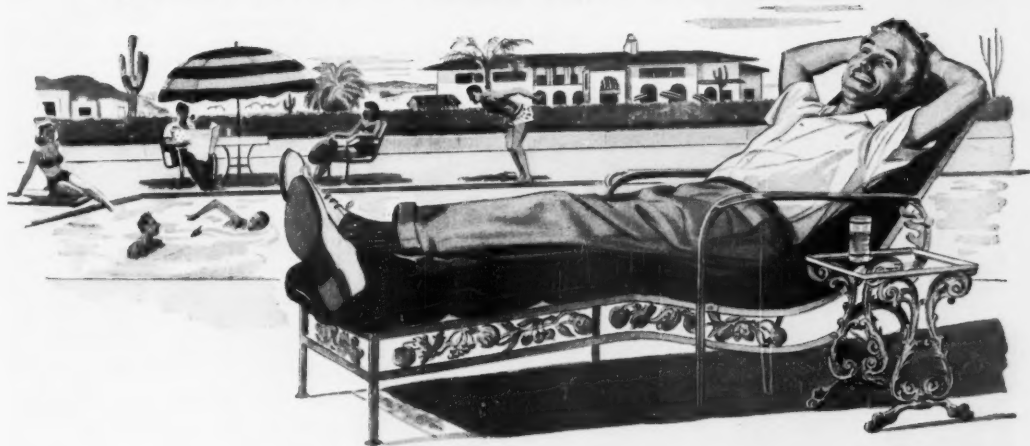
Sirs:

With reference to the New Products article "Chrome-Surfaced Bearings" [BW—Dec. 18 '48, p56]: The Hartford Steel Ball Co. produces only balls, surfaced with the new chrome process, not assembled bearings.

Although all the listed advantages of this chrome processing of balls, i.e., re-

Never thought I'd get away... till I read about TWA's

"Quickie Vacation"



(Need a rest—a change—a few days' break? Try this trip on the Businessman's Airline)



"My hopes for a vacation vanished last summer. I was up to my ears in work. And by the time things eased up enough... it was winter! But what could I do back home? Then I read about TWA's 'Quickie Vacation'.



"I called TWA, found I could be in the Southwest or Southern California in a few hours. First thing I knew, I was here! I've had days of swimming, golf, riding and loafing in the sun. And how my appetite's grown!



"My plane left this evening and I'll be back in the office tomorrow morning... rested, full of pep, and ready to tackle the job. The Businessman's Airline really has the answer for tired businessmen in this 'Quickie Vacation!'"



NEW WAY TO THE OLD WORLD. From key cities in the U. S., TWA Skyliners speed you to world markets—save you weeks on the way to Europe, Africa, the Middle East and Asia. And TWA's 30-day round-trip transatlantic fares are lowest in history!

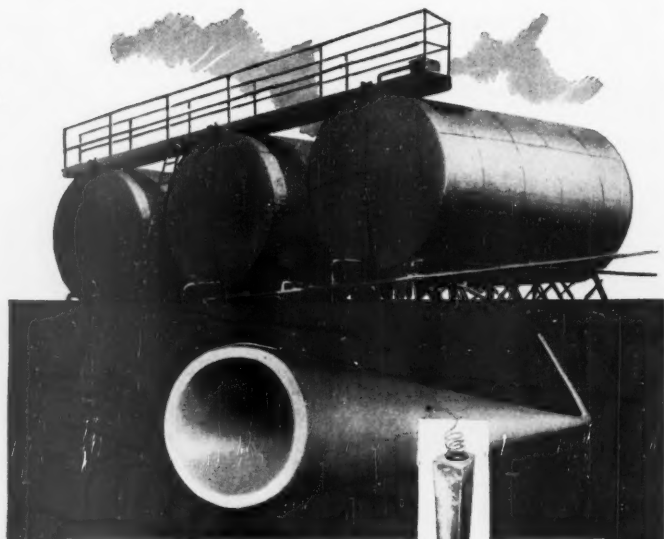
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What's Your Share of This Multimillion Dollar Leak?



DOW magnesium anodes

PROVED PROTECTION AGAINST UNDERGROUND CORROSION

Each year, many millions of dollars are lost due to corrosion of underground and underwater structures.

You can cut your share in the cost of this multimillion dollar leak to a new low through the use of Dow Magnesium Anodes. These expendable galvanic anodes protect all types of structures cathodically . . . minimize corrosion by diverting the corrosive attack from the metal surface to themselves. Magnesium anodes protect structures economically . . . once installed, they require no outside source of power and no further maintenance.

Whatever your corrosion problem, it will pay you to investigate Dow magnesium anodes. They provide maximum protection at minimum cost in an increasing number of applications.

THE DOW CHEMICAL COMPANY
MIDLAND, MICHIGAN



duction of seizure, oxidation, corrosion, and torque, plus increased load life, have been initially established by testing of assembled bearings wherein the races have been processed too, these tests are not fully conclusive. The early offering of chrome-surfaced balls to industry for experimentation is aimed at further establishing the authenticity of these initial test results and broadening the scope of this new product.

This company feels also that the potential usage of chrome-surfaced balls is not limited to bearing applications, as there are a multitude of uses for low-cost corrosion-resistant balls.

H. ABBOTT

HARTFORD STEEL BALL CO.,
HARTFORD, CONN.

Chains vs. Abrasive Treads

Sirs:

Regarding your pictures and previous item on "tractionized" tires [BW—Nov. 13'48,p30]:

The National Safety Council recently announced the following results of its skidding tests on the frozen surface of a lake at Clintonville, Wis.:

"The tests showed no difference in stopping distance between abrasive tires and ordinary tires in cold temperatures on dry ice. But with higher temperature and wet ice, the abrasive tires stopped a car up to 13 per cent shorter than regular tires. In their best performance, the abrasive type of tire stopped the car in 161 feet from a speed of 20 miles an hour."

The stopping distance of average steel tire chains is 88 feet, and I happen to know of one type chain which will consistently stop a car in 55 to 65 feet on glare ice. These figures are for stopping at a speed of 20 miles per hour.

The National Safety Council says further: "The use of tire chains is the most effective and practical means of self help for increasing traction on snowy and icy roads."

WALLACE MEYER

PRESIDENT,
REINCKE, MEYER & FINN,
CHICAGO, ILL.

"Disassembly Line"

Sirs:

I've always depended on BW to keep posted on current trends and practices.

But never have I had the opportunity to capitalize so quickly on a story as "Disassembly Line for Store" [BW—Dec.18'48,p78].

You see, I wanted a peg to hang a letter on to send out to retailers telling them about OUR approach to the receiving and marking problem.

No peg—then bang, I picked up BW, gave it its first quick reading and saw your Marketing story. In dramatizing

You've never seen such a mimeograph

Here, for the first time, is a table-top mimeograph with a self-contained electric-drive. The operator remains comfortably seated while this machine produces clear, sharp copies of written, typed and drawn material at the rate of 140 per minute.

Now add sturdy construction for continuous trouble-free operation, built-in features that handle a variety of jobs and the availability of special accessories to speed up and simplify systems work.

Investigate this new A. B. Dick mimeograph, model 435. For use with all makes of suitable stencil duplicating products. Look in the phone book or write for the name of your nearby A. B. Dick Company representative. A. B. Dick Company, 720 West Jackson Boulevard, Chicago 6, Illinois.

A. B. DICK 
—the first name in mimeographing

*and now the
mimeograph operator
sits down too →*

Shown at right is the model 27
A. B. Dick mimeograph stand
with built-in foot control for
fast fatigue-free operation.



More Power to You!

Through
**LEWIS-SHEPARD
ENGINEERING
LEADERSHIP**

It's
NEW

"IT LIFTS
AND
LOWERS
AS
IT HAULS"

4000 LB. CAPACITY
Telescopic Straddle Type
"JACKSTACKER"

"JACKSTACKER" ELECTRIC TIERING TRUCK

Capacities to 4000 lbs. No Similar Type Truck
Carries 4000 lb. Pay Load. Load always over Wheels

- TO MOVE AND STACK UNIT LOADS on all skids and pallets. 4 types: Straddle; Counterweight; Open end Base; Platform.
- Telescopic, High Stacking feature (available all models) allows easy passage under door frames and other obstructions.
- Takes Much Less Room . . . and light dead weight of "Jack-Stacker" makes it ideal where floors will not support Fork Trucks or cramped quarters make them impractical. The "Jack-Stacker" means **NARROWER AISLES** for you.
- All Controls in Handle Head — 2 speeds forward and reverse, lifting, lowering, horn and lock, plus instant smooth-action electric brake, constantly applied type. Controls operate with handle any position. No need to halt "JackStacker" to raise or lower carriage. No similar type truck has this basic advantage. "It lifts and lowers as it hauls".
- Master Drive Unit, mounted on articulated linkage, gives good traction over ramps, sills, uneven floors. Only takes 20 minutes to change Master Drive Unit assembly.

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No. 95

Designers, Engineers, Manufacturers of over 250 standard and variable types of Industrial Handling Equipment
Let us help you save money.
Write or Wire.

THE "MASTER" LINE of
Industrial Handling Equipment

LEWIS-SHEPARD

PRODUCTS INC.

152 WALNUT ST., WATERTOWN 72, MASS.

Midwest Plant: Crawfordsville, Ind.

REPRESENTATIVES IN PRINCIPAL CITIES  CONSULT YOUR PHONE DIRECTORY

OPEN FACE
PALLET TYPE

PLATFORM TYPE

EST. 1915



"backstage" retail needs in the receiving and marking field, you point up the reason why we had the nerve to "take off" and specialize in the forms and system phase of it.

JACK MOSS

MOSS KEY-REC SYSTEMS,
DAYTON, OHIO.

Of Cows and Fords

Sirs:

The other day the farmer from whom I bought a turkey made an interesting observation. He said that in 1914 he sold 10 cows and bought a Ford with the proceeds, around \$400. In the summer of 1948 he again sold 10 cows and bought a Ford with the proceeds, around \$2,000.

In 1914 an unskilled workman might get \$2 per day and work 200 days to earn enough to buy 10 cows or a Ford. In 1948 he might get \$10 per day and earn the same things in the same time.

The cows today probably give about the same amount of milk as in 1914. Due to technical progress, however, a given number of hours of labor produce more comfortable, dependable, and faster transportation than they did 34 years ago.

It is a fallacy to say that we should necessarily pay higher wages for increased productivity—either quantitative or qualitative. If the 1948 workman received \$2 per day, the improved Ford would still cost about the same as the tin Lizzie.

Not only direct labor but material, overhead, and all other costs of production and distribution ultimately are predicated on the dollar value of one man-hour of labor. If this common denominator could be held reasonably stable, this would present an opportunity for prices to stabilize and industrial planning generally to be done with some confidence that a condition approaching normal might be attained.

C. T. BUTTON

EAST LANSING, MICH.

4¢ Airmail Postcards

Sirs:

Your article on mail-rate hike [BW—Dec. 25 '48, p. 24] did not include the most interesting postal innovation, namely the 4¢ airmail postcard. Why do I have a special interest? I suggested it to the postal department five years ago and have been campaigning for it since.

MILT FORREST

HOLLYWOOD, CALIF.

• Rep. Harold Hagan (R., Minn.), known as the father of the 4¢ airmail postcard, gives credit to "a chap from the Pacific Coast" for originally giving him the idea. He thought it good and plugged it in Congress for several years.



CAPITAL SPENDING PLANS 1949-53

What Industry Plans to Spend on New Facilities in Next Five Years

(all figures in millions of dollars)

	1948	1949	1950	1951	1952	1953
Total Manufacturing	\$8,160	\$7,200	\$6,210	\$5,395	\$4,975	\$4,850
Steel	685	600	490	400	345	330
Chemicals	1,400	1,220	1,310	1,210	1,120	1,100
Petroleum Refining	740	720	680	550	520	500
Machinery	900	650	620	650	600	580
Electrical Machinery	310	220	160	150	140	130
Autos	630	570	510	500	500	500
Transportation Equipment	135	165	130	90	70	60
Food	595	525	535	515	370	340
Other Manufacturing	2,765	2,530	1,775	1,330	1,310	1,310
Railroads	1,345	1,520	1,000	880	900	890
Electric Utilities¹	1,800	2,050	1,830	1,620	1,630	1,560
Gas Utilities²	880	820[*]	665	580	395	Not Available
Other Transportation & Communications	1,900	1,780	1,525	1,395	1,210	1,180
Mining	765	760	740	590	520	515
ALL INDUSTRY	\$14,850	\$14,130	\$11,970	\$10,460	\$9,630	\$8,995

¹Electrical World Survey

²American Gas Association Survey

Date: McGraw-Hill Survey.
© BUSINESS WEEK

BUSINESS WEEK REPORTS TO EXECUTIVES ON—

Capital Spending Plans 1949-53

AMERICAN INDUSTRY'S record-breaking rate of investment in new plant and equipment is going to continue through 1949.

Furthermore, there is no sign that a decline in capital investment any time soon will be the thing that deflates the general business boom. On the contrary, the spending plans that business already has blocked out for the next five years do one impressive thing: They provide a strong backbone for a stable prosperity—or for more inflation if spending in other parts of the economy runs too high.

Business does in fact plan to spend less for expansion of capacity. But increasing emphasis on modernization, cost-cutting, and greater efficiency will take up any slack that becomes available.

Programmed spending this year is only 5% less than the actual total expenditures in 1948. Last year was a record-breaker—\$14.8-billion. Even that record may fall

in 1949 because each year since the war actual expenditures have run beyond original plans.

Industry is maintaining capital outlays at a high rate this year to keep pace with a high volume of business activity. If business income and national income stay high for four more years, business outgo will stay high, too. Industry now has plans to invest \$40-billion in 1950-53. That figure almost certainly will be enlarged as time goes on.

Both the near-term and the longer-term projections of capital spending plans were developed in a survey made by the McGraw-Hill Department of Economics. The survey, "Business' Needs for New Plants and Equipment," summarizes the plans of the bulk of American industry.

Results of the survey belie a number of predictions that capital expenditures were due to drop quite a distance this year. They also show the incorrectness of

assumptions that the November elections would prompt a sharp downward revision of plans for purchase of plant and equipment in 1949. (All returns received in the survey before election day have been re-checked since. The check has not disclosed any significant downward revision in planned expenditures.)

The Department of Economics warns that the survey is not a solid forecast of what industry will spend over the next five years. It simply dredged up the present plans of America's leading companies to invest in new facilities if a high level of prosperity continues. These plans are subject to modification in the light of political and economic developments not now known. However, they are plans American industry is anxious to carry out if it has a chance.

SURVEY HIGHLIGHTS

THESE ARE the major findings of the survey:

(1) Manufacturing industries alone plan to spend \$7.2-billion for new plants and equipment in 1949. This is about 7.5% of the estimated value—\$96-billion—of all manufacturing facilities at today's prices.

(2) Manufacturers estimate conservatively that it would cost \$136-billion to replace completely their present facilities with up-to-date plants and equipment.

(3) Postwar expansion programs are virtually complete in most manufacturing lines. Major exceptions: steel and petroleum refining. Most manufacturers now are spending for (a) newer, post-postwar expansion programs to exploit new products or processes, and (b) replacement of existing facilities.

(4) Expansion programs of railroads, oil production, and pipelines, still have two to five years to run.

(5) Manufacturing industries have increased their capacity 56% since 1939. Almost one-half of that increase came in the last three years. But expansion is slowing down. The increase planned in the next five years is 13%.

(6) Today half of all manufacturing companies are operating at 90% of capacity or better. But most of these would like to have capacity which would permit an operating rate 5% to 10% lower.

(7) Manufacturing industries are emphasizing efficiency more and more in planning facilities.

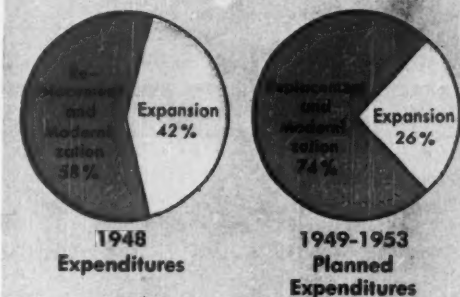
Their capital expenditures in 1948 went nearly 50-50 for expansion and for replacement and modernization. But in the next five years, they plan to spend three-quarters of their funds to replace and modernize, only one-quarter for expansion. Of course, modernization usually provides for some expansion of capacity.

(8) Equipment should pay for itself in five years or less, say three companies out of four. New buildings, say 77%, should pay out in 15 years or less.

(9) Profits and depreciation reserves are counted on to pay for the new buildings and equipment they plan, three out of four manufacturing companies report. Some 15% expect to borrow, only 9% plan to sell stock. However, 20% would like to sell stock, only 4% want to borrow.

What Industry Is Spending For

Less for Expansion—More for Greater Efficiency



Data: McGraw-Hill Survey.

BUSINESS WEEK

(10) A more liberal depreciation allowance for income tax purposes would prompt almost two-thirds of the companies surveyed to increase their capital expenditures. Almost a third of the manufacturing companies report that they would increase their expenditures if they could sell stocks at ten times earnings.

Who Was Surveyed

The McGraw-Hill survey covered a large cross-section of American industry. Companies covered are, for the most part, the larger ones in each industry. Experience with similar surveys in the past has shown that the smaller companies follow the pattern set by the larger. The larger companies, too, usually have comprehensive long-range plans, and can report their plans more readily than the smaller companies.

The companies covered by McGraw-Hill employ more than 60% of all workers, in industries where capital investment per worker is highest. These industries include: chemicals, electrical machinery, oil, autos, railroads, utilities, and steel. These seven industry groups account for three-fourths of the capital expenditures of all American industry.

Coverage of the McGraw-Hill survey is smaller in other industries. However, the companies covered were carefully selected to make up a representative cross-section. Over-all the survey covers companies employing 5-million industrial workers. That is about one-quarter of the total employment in all industry.

Capital expenditures for each industry were estimated by projecting the expenditures of the companies in the sample on the basis of the number of their employees compared to the number in the industry. Employment in each industry was obtained from regular reports of the Census Bureau and the Bureau of Labor Statistics.

Capital expenditures for electric utility companies were obtained through *Electrical World*, a McGraw-Hill magazine which regularly surveys the electric light and

How Soon Must an Investment Pay Off?

Equipment should pay back its cost in five years, say majority of companies surveyed

Percent of Companies Saying:

	2 years or less	3 years or less	5 years or less	10 years or less
Steel	0	0	80	100
Petroleum	0	0	50	100
Electrical Machinery ...	11	44	89	100
Chemicals	10	20	60	100
Autos	29	57	72	86
Machinery	13	38	85	100
Food	7	27	67	100
Transportation Equipment ...	0	29	100	100
Textiles	7	36	57	100
Coal Mining ...	20	35	65	95

Data: McGraw-Hill Survey.

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power industry. Other McGraw-Hill publications, such as Textile World, helped conduct the survey in their own industries. Plans for expenditures in the gas utility industry were obtained through the cooperation of the American Gas Association.

Survey results are not directly comparable to Commerce Dept. reports on capital investment as part of the gross national product. To obtain uniform results, McGraw-Hill asked only for reports on expenditures charged to capital accounts on company books. The McGraw-Hill survey, too, does not include expenditures by service industries, and retail and wholesale trade businesses. Nor does it cover farm or hospital and school expenditures, which are included in government reports. As a result, the McGraw-Hill figure for 1948 capital expenditures is \$14.8-billion; this compares with \$18.6-billion, a preliminary Commerce Dept. estimate.

SHIFTING PLANS

IN LAST YEAR'S McGraw-Hill survey (BW—Feb. 7 '48, p65) most of the companies reported that their plans for capital expenditures were firmly set. They intended to carry the plans out even in the face of a setback in business. But that is not true today. Most manufacturing companies have enough capacity to handle their orders. In some cases, they have more than enough capacity because materials are limited. Their investment programs are directed increasingly to the acquisition of more efficient facilities.

This shift in emphasis from expansion to modernization means that new investment can be more easily postponed. Thus, events in 1949—both political and economic—will shape actual capital expenditures.

How Soon Must an Investment Pay Off?

New buildings should pay out in 15 years or less, say majority of companies surveyed

Percent of Companies Saying:

	5 years or less	10 years or less	15 years or less
Steel	35	100	100
Petroleum	50	100	100
Electrical Machinery ...	11	45	56
Chemicals	57	71	100
Autos	0	72	72
Machinery	11	58	71
Food	23	62	77
Transportation Equipment .	0	28	72
Textiles	0	50	63
Coal Mining	7	47	67

Data: McGraw-Hill Survey.

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Current plans of industry call for an investment of \$14.1-billion in new plant and equipment in 1949. That compares with an actual outlay of \$14.8-billion in 1948.

However, those nearly identical totals conceal important shifts among industries. For example, manufacturing companies now plan to spend about \$1-billion less than they invested in 1948. But the railroads and electric utility industries propose to increase their capital expenditures. Gas utilities, mining, and other transportation groups (production and transportation of oil is the dominant industry in both the mining and other transportation classifications) plan to invest almost as much in 1949 as in 1948.

Manufacturing Up 56%

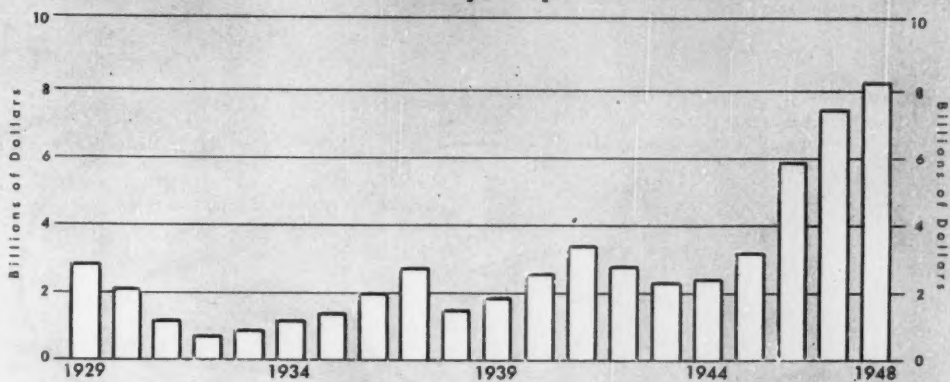
Manufacturing industries came out of the war with one-third more capacity than they had in 1939.

By investing about \$22-billion in the last three years, they have raised their capacity to 56% greater than 1939. Some wide variations in expansion are revealed in the survey, however.

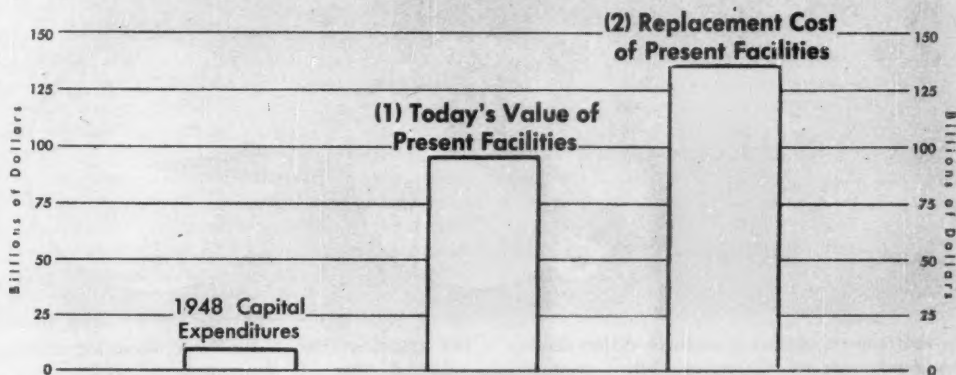
Even with this expansion, half of all companies are operating at 90% of capacity or better. Most of them feel that is 5%-10% above a desirable rate. They would like more elbow room to fill orders promptly, avoid overtime hours and wages in bottleneck departments, and, in general, to handle production more efficiently.

For these reasons, manufacturers hope to raise their capacity by another 13% in the next five years. Plans to continue expansion are concentrated, however, chiefly in these industries: chemicals, petroleum refining, steel, textiles. With the exception of chemicals, which plans to continue expansion at a high rate through the five-year

Manufacturers' 1948 Outlays Top All Records...



...But They Are Small Compared to:



Data: McGraw-Hill Survey.

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period, most of them expect to taper off on expansion in 1950 or 1951.

INDUSTRY'S FIVE-YEAR PLANS

SOME PEOPLE, economists included, believe that capital investment has been far higher than normal. They know that industry has been catching up on projects postponed during the war. With that done, they have looked for a drastic slash in purchases of plant and equipment.

But the survey shows that industry already plans to spend a total of \$55-billion in the five years 1949-53. These plans, as would be expected, show a substantial reduction in the annual rate of investment after 1949. Plans for 1953, for example, total about 60% of the 1949 volume.

But more remarkable than the decline in expenditures planned after 1949 is the fact that they remain as large. Even when adjusted for price increases, the ex-

pended planned for 1949-53 are two-thirds larger than those for 1936-40.

Also, these plans do not report the magnitude of the expenditures which may well eventuate—for two reasons:

(1) The obvious tendency of plans to taper as they are moved further into the future.

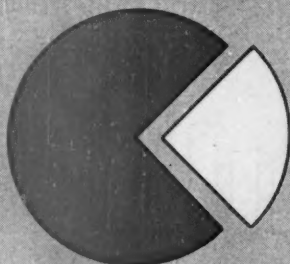
Companies do not know what their research scientists and technicians may develop. They cannot know how much they will have to spend to get new products into mass production. They cannot tell what new devices will come along to step up efficiency.

For example, who can predict today with assurance how much plant and equipment will be needed by the steel industry to capitalize on such recent developments as continuous casting, use of tonnage oxygen, or top pressure blowing? (BW—Nov. 27 '48, p69)

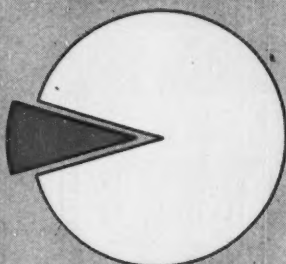
Many of the companies covered in the McGraw-Hill survey cited new products which will call for big investments if they fulfill their preliminary promise. For ex-

Where the Money Comes From

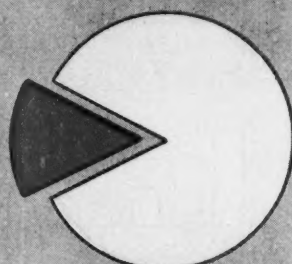
Three out of four plan to get almost all from profits and reserves



Only 9% plan to sell stock

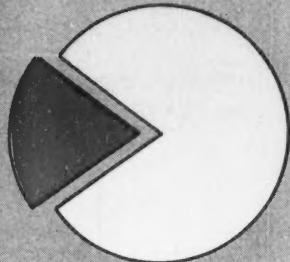


And 15% expect to borrow

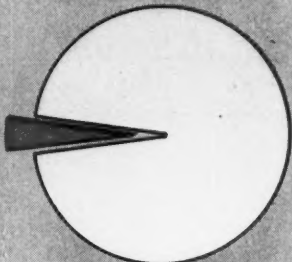


BUT...

20% would like to issue stock



And only 4% want to borrow



Data: McGraw-Hill Survey.
BUSINESS WEEK

ample, continuous coal mining machines, if they develop as they are expected to, will require a heavy investment both in new equipment and in changing mine facilities.

(2) The prospect that the five-year plans will be enlarged if prosperity continues.

COST OF MODERNIZING

TO GET A PERSPECTIVE ON manufacturers' capital expenditures you can compare them with two other estimates developed by the McGraw-Hill survey:

(1) The total reproduction value of existing facilities in manufacturing is about \$96-billion at current prices.

(2) The cost of replacing present facilities completely with the most modern plants and equipment available would be at least \$136-billion.

The \$96-billion figure for reproduction costs provides a yardstick for measuring present replacement and modernization policies. Total capital expenditures by manufacturers in 1948 were \$8.2-billion—or 8.5% of the total value of existing facilities. But only \$4.8-billion of last year's actual expenditures went for replacement and modernization. At that rate, the average manufacturing facility would stay in service 20 years. That is anything

but a rapid retirement rate for an advancing economy.

Manufacturers are planning to increase the part of their capital investment earmarked for replacement and modernization. But even with the increase in prospect the rate of replacement will remain low, probably not over 6% a year. That would be an average service life of about 17 years for industrial facilities. Information about past experience is scanty, but it indicates that industrial facilities usually are retired at a much faster rate.

Manufacturers undoubtedly figured low when they estimated \$136-billion as the cost of replacing all facilities with the most modern available. Accurate estimates would require an engineering survey. So a substantial minority of the companies gave the value of their present facilities as the same as the cost of rebuilding completely. Obviously the cost of rebuilding would be larger, except in the comparatively rare cases where a company's entire facilities were new.

The difference between the present value of manufacturing facilities and the cost of replacing them completely—\$40-billion—is one rough measure of what it would take to put our manufacturing industries in top-notch shape.

Approaching the same problem from another direction,

McGraw-Hill also asked executives to estimate what it would cost to put their facilities in first-class shape. Specifically, what would it cost to make all their plants and equipment as good as the best in their industry, except that (1) standby or reserve equipment would be left as it is now; and (2) facilities now close to top standards of efficiency would not be replaced?

Answers indicate that almost \$20-billion is needed to put manufacturing companies in first-class shape. That is clearly on the low side because most companies included only their most immediate needs in the estimate.

These estimates, of course, cannot substitute for the detailed engineering survey that would be needed to find out exactly what it would cost to make U. S. industry as modern as possible.

PAYING THE COST

HOW SOON SHOULD new facilities pay off? New light is thrown on this problem by the McGraw-Hill survey.

Three out of four manufacturing companies expect new equipment to pay back its cost in five years or less. A third of the companies say three years or less. Metal-working companies are even stricter: almost 90% of them insist that new equipment pay off in five years or less. A recent survey by the Machinery and Allied Products Institute on a similar question reports the same results.

How does industry set these standards? The answer given by many companies is that they can spend all the money they have within these limits. To be sure, some expenditures are dictated by competition or technical requirements. But the fact is that these requirements are imposed on a considerable part of all capital expenditures. Any proposal to spend more than is absolutely required to stay in business must meet these tests.

Similar standards are set for new buildings. Four companies out of five think a building should pay for itself in 15 years or less. More than 60% insist that new construction pay off in 10 years. These, of course, are considerably shorter periods than the Treasury Dept. allows for tax purposes.

Construction Backlog

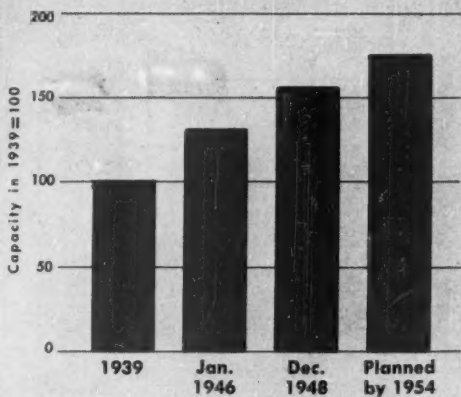
Are construction costs so high that industry is holding back on new buildings?

Half of the manufacturing companies report that they are holding back. And of those holding back, six out of ten cite high costs as a major reason.

However, other companies cite a wide variety of reasons for holding back. One of the major reasons is that they can invest all the money they have in equipment which will return its cost in three to five years. Another important reason is that new construction might interfere with production at a time when demand is high. A third reason stems from the uncertainty over legal aspects of pricing systems, which increases the difficulties of selecting locations.

Surprisingly, only 30% of the companies said that they would increase their construction plans if costs

How Manufacturing Capacity Is Growing



Data: McGraw-Hill Survey.

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should be cut 20%. The variety of reasons behind industry's dim view of new construction helps explain that. Beyond that, however, there is hope for a pick-up in industrial building, even if costs cannot be cut 20%. A number of companies that cited high costs as a major reason for holding back said that they would go ahead if costs were stabilized.

THE MONEY PROBLEM

WHERE WILL INDUSTRY raise the \$55-billion—and probably more—it will need to carry through its plans?

Profits and reserves have always been important sources of funds to finance new plants and equipment. They have been relied on more than ever since World War II.

Now three out of four manufacturing companies plan to finance their five-year programs for capital improvements almost wholly from earnings, and depreciation reserves. Some 15% of the companies plan to borrow part of the funds, only 9% expect to sell stock.

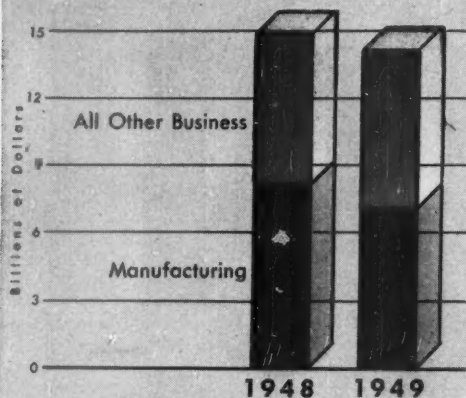
However, 20% would like to sell stock, while only 4% want to borrow. Even more significant is the fact that 30% of the manufacturers say they would increase their 1949-53 investment program if they could issue stock at a price equal to ten times earnings. An increase of this kind, as the survey shows, could make all the difference in the amount of capital expenditures during the next five years. It might keep them close to today's level. Risk capital is still essential to maintain capital investment and to carry through industry's plans for producing more goods more efficiently.

The Tax Barrier

How does the tax burden bear on capital expenditures? To find out, McGraw-Hill asked this question of the

Industry Plans High Investment in 1949

Outlays for New Plant and Equipment



Data: McGraw-Hill Survey.

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What Major Industries Plan to Invest in 1949

(Figures in Millions of Dollars)

	1948	1949
Steel	\$685	\$600
Chemicals	1,400	1,220
Petroleum Refining	740	720
Machinery	900	650
Electrical Machinery	310	220
Autos	630	570
Transportation Equipment	135	165
Textiles	430	410
Food	595	525
Rubber	65	90
Paper	485	270
Other Manufacturing	1,785	1,760
Total Manufacturing.	\$8,160	\$7,200
Railroads	\$1,345	\$1,520
Electric Utilities ¹	1,800	2,050
Gas Utilities ²	880	820
Coal Mining	120	120
Metals Mining	45	55
Petroleum Production	600	585
Other Transportation & Communications	1,900	1,780
GRAND TOTAL	\$14,850	\$14,130

¹Electrical World ²American Gas Association

companies surveyed. Would they increase their investment plans for 1949-53 if (1) the corporate income tax rate were reduced from 38% to 20%, or if (2) they were allowed for tax purposes to depreciate fully new plant and equipment in five years?

The answer: Almost two-thirds of the companies would increase their programs if the tax burden were lightened one way or the other.

A slightly bigger majority preferred accelerated depreciation over a lower income tax rate. The preference for rapid depreciation is particularly marked in steel, petroleum, and metalworking.

Only about one-third of the manufacturing companies report that they would invest more in the next five years if profits increased 10%. One reason for this given by many companies was that they would cut prices rather than accept more profits.

POLICY PROBLEMS

FINDINGS OF THE McGraw-Hill survey throw considerable light on the relation of capital expenditures to general business. They show that:

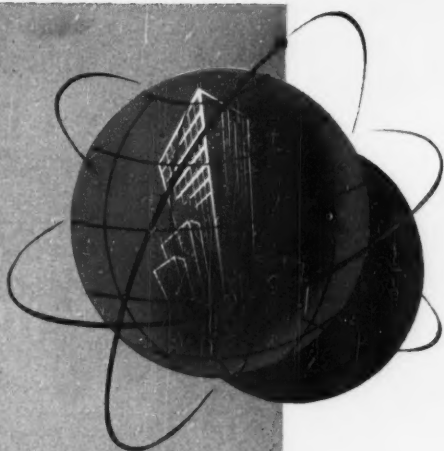
(1) The present rate of capital expenditure by American industry is relatively low, not excessively high as it appears in comparison with the past. It is low compared with the total value of present plant. It is even lower compared with the opportunities for improvements in industrial efficiency—and hence the American standard of living—which the program still would leave untouched, even if fully carried out. But it is high in comparison with the share of national income available for investment after consumer demands are supplied.

(2) The present rate of expenditures for new plant and equipment need be no temporary postwar process of catching up. American industry already has plans which will sustain capital expenditures at or above present rates for years if prosperity continues. Such expenditures would, in turn, provide one of the surest supports of general prosperity.

(3) American industry is depending primarily upon its own resources—profits and reserves for depreciation largely—to finance its purchases of new plant and equipment. This is only partly a matter of choice. Many of the companies surveyed would like to get outside funds, particularly by selling common stock, but many of them cannot do it except on financial terms that they consider disastrous to their business.

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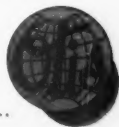


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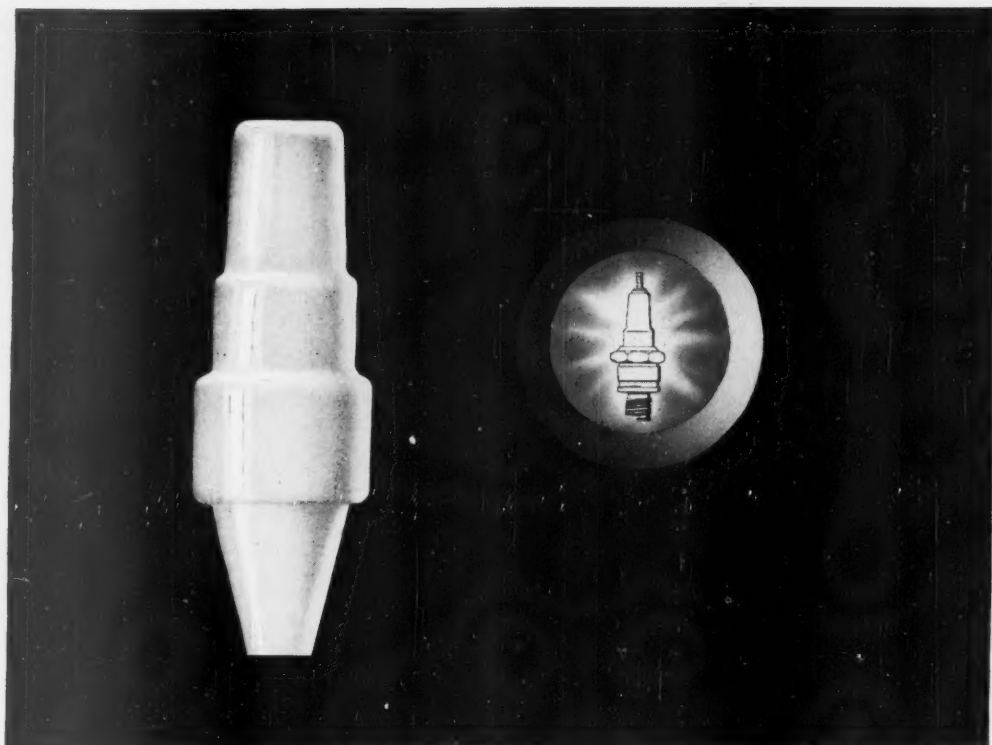
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* From "Westinghouse Engineer," May 1946

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G. M. Meets Return of Competition With Big Show

Chrysler and Ford take some of edge off exhibit by their own parties. But General Motors' is most lavish of all.

The hard reality of competition has come back to the auto industry. All during the last two weeks Detroit's major companies have been jockeying to cross the starting line in the rail position whenever the first tough post-war race for sales gets under way.

General Motors Corp. took an early lead—in glamor, if not in timing. In New York City's Waldorf-Astoria Hotel this week, it opened its glittering, elaborate "Transportation Unlimited" show. Against as dramatic a backdrop as \$1-million could produce, G. M. displayed its 1949 lines of Chevrolets, Pontiacs, Buicks, Oldsmobiles, and Cadillacs.

• **Faster Starts**—Meanwhile, two other companies tried to take a little off the edge of the G. M. spectacle by getting away to a faster start. Earlier in January, Chrysler Corp. invited newsmen to go to Detroit the week before G. M.'s big splash in New York. The event was unparalleled in auto-industry procedure. Chrysler's 1949 cars won't be formally announced until late February or early March. Yet its show last week was a

preview at which everything that could be seen or learned was on the record.

But then Ford Motor Co. jumped in to take the edge off Chrysler's act itself—and off some of the Chrysler guests. The night before, it entertained nearly 100 automotive writers, many of them in Detroit for the convention of the Society of Automotive Engineers (page 30). It was obvious that Ford made no attempt to break up the party early. So some guests left just in time for breakfast—and a bleary-eyed rendezvous with Chrysler.

• **G. M.'s Splurge**—The G. M. layout is by far the most thorough and lavish sales job of all. Since last June, a crew of 15 designers and 20 to 30 craftsmen have worked in the G. M. Styling Section. During the past three months, more than 200 men have been at work making the actual exhibit sections.

It took no less than 40 vanloads, leaving Detroit on a tight schedule up to last week end, to move these props to New York. Scattered pieces followed by air express, and the 32 autos in the

show went separately by truck. A crew of 300 men—100 each on three shifts—moved into the Waldorf at midnight Sunday, working round the clock to get the final exhibit set up. The doors were opened to the public Thursday.

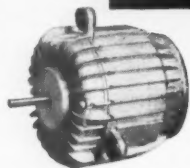
• **"Wheel of Fashion"**—Center of the G. M. exhibit is the "Wheel of Fashion." The glittering display models start along a platform from one side, take a position on a turntable, revolve slowly, then move off on the other side. The conveyor section of this unit alone weighs 15 tons; it went to New York piecemeal in five trucks.

Another in the collection of display spectacles in the Waldorf Grand Ballroom is the "Column of Stars," a five-sided, 26-ft.-high pylon surmounted by a revolving 7-ft. world globe (picture, page 67). At the base, the engines of the five G. M. auto lines are displayed. Cars and divisional exhibits occupy other space around the floor.

• **Other Features**—The "Transportation Unlimited" theme of the 1949 show is carried out in exhibits throughout the ballroom floor and elsewhere. One sample: a 60-ft. scale model of the G. M. Train of Tomorrow which brought company executives and guests from Detroit

Motor Dependability for America's *Finest* Products

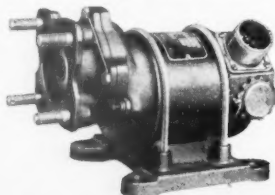
Lamb Electric MOTORS



An outstanding hair dryer motor. Design insures quiet, vibrationless operation.



Light-weight universal motor with efficient spur gear speed reducer.



Base-mounted, explosion-proof air-craft geared fuel transfer pump motor.

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Their high standard of dependability is one of the reasons why Lamb Electric Motors are going into more and more of America's *finest* products.

THE LAMB ELECTRIC COMPANY
KENT, OHIO

Lamb Electric

SPECIAL APPLICATION
FRACTIONAL HORSEPOWER **MOTORS**

to New York early this week in a 12-hour record run which clipped an hour and 40 minutes off fastest regular schedules.

Other G. M. products shown range from jet engines (now being produced in quantity for the Air Force by the Allison Division at Indianapolis) to diesel power plants for buses. There is also an 8-ft. scale model of the proving ground at Milford, Mich. (page 74), and even displays built around Chevrolet's Soap Box Derby and Fisher Body's Craftsmen's Guild contests for boys.

• **G. M. Cars**—Despite all this buildup, the show was actually an unveiling for only two of G. M.'s cars: Chevrolet and Pontiac. Other members of the G. M. family have had their current models on sale for some weeks. In styling, both the newcomers bear unmistakable relationship to already announced Cadillacs, Olds, and Buick lines. In general, these lines resemble those of last year's Futuramic models of Oldsmobile.

Prices on these new models, as on others, are up a little. But the advances are slowing down: Pontiac's 1949 model prices have risen from \$40 to \$60 against 1948 counterparts, or about 4%.

• **Chevrolet**—The new Chevrolets, products of three postwar years of development work, are lower and wider than preceding models. More space has been created inside by moving the engine forward farther over the front axle. This shift also makes it possible to seat passengers nearer the centerpoint between the wheels.

Mechanical improvements are spotted through the line. Steering geometry has been revamped: The master arm is now located in the center of the chassis front end, rather than at one side; this is to equalize turning effort and reduce "wheel fight." A better gear-shift linkage now does away with the vacuum-assisted shift, permits the use of a straight manual mechanism. (Absence of the vacuum shift may mean that Chevrolet is moving toward the automatic transmission.)

• **Pontiac**—Pontiac has two "new looks" of its own for 1949—a Chieftain series, entirely new, and a Streamliner series, an advanced development of previous design trends. Both series use a 120-in. wheelbase, instead of mounting on different lengths as in the past. Rooflines are 2½ in. lower.

Seats have been moved forward, to improve the ride. This movement also avoids space-taking wheel housings at the rear, thus making wider cushions possible. Pontiac offers a choice of engines in each series—a 90-hp., 6-cylinder job; a 104-hp., 8-cylinder engine.

Recent research on radio and television interference has brought electrical changes in the new Pontiacs. Ignition coils are now atop the engines, decreasing wire lengths by 75%. This



GLOBES are part of \$1-million "set" for G.M.'s show, "Transportation Unlimited"

minimizes the chances of distorting video reception.

• **Olds**—The production rate of Oldsmobile high-compression "Rocket" engines, originally set for 30 an hour, has been boosted to 40. Automatic transfer machines, that enable operator to handle 18 different cylinder blocks at once, make this production increase possible.

Production schedules in the six Olds assembly plants call for 965 cars a day.

• **Chrysler Corp.**—Details of specifications and prices on Chrysler's new models will come later, when dealers are stocked. Right now output is just beginning on the company's four lines—Plymouth, Dodge, De Soto, Chrysler.

Of note in this company's planning is the changeover procedure at Plymouth: It has shut down one of two assembly lines, put work on a two-shift basis to keep production unchanged.

Meanwhile, it is gradually starting new models down the idle line. Key men are being detached to assemble the cars and teach others new techniques. This transition will be completed by early February.

• **Compression, Wheelbase**—Somewhat modified engines will power Chrysler's four 1949 lines. The company has advanced compression ratios—to 7-to-1 on 6-cylinder units, and to 7.25-to-1 on the 8-cylinder engine. This has boosted horsepower somewhat; it has raised torque—another major index of performance—much more.

Contrary to the trend in other makes, the Chrysler lines will have longer wheelbases (to improve ride), although over-all length is somewhat reduced. Wheelbase length has been raised by 1½ in. in Plymouth, as much as 4 in. in other models.

Bodies have been lowered and widened, although exterior dimensions are somewhat narrower. Height is down



Don't try to ski on barrel staves!

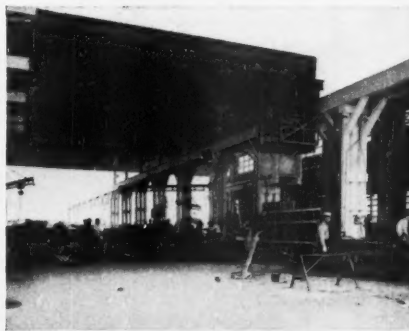
AN UNHAPPY result is apt to follow use of ill-adapted equipment. Materials-handling is another example . . . a crane constructed too lightly for its job brings excessive maintenance costs and soon wears out; while a big, cumbersome crane used for light tasks means high power and depreciation costs.

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IMPORTANT

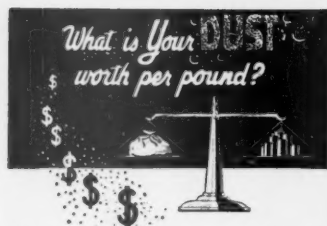
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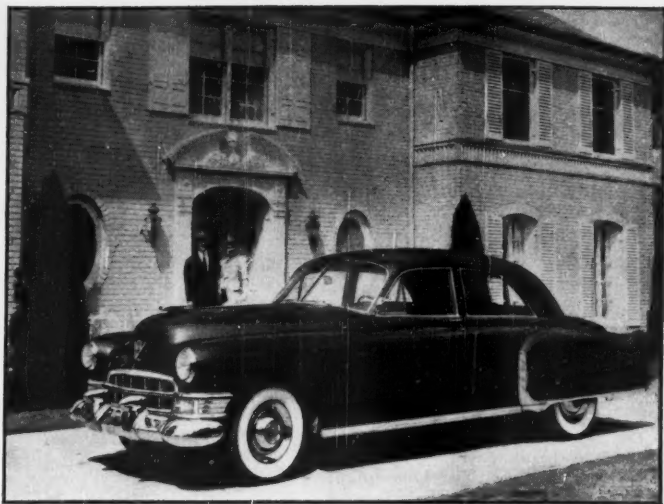
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The EBCO Mfg. Co.
Columbus 8, Ohio



CADILLAC for 1949: New high-compression engines, more economical operation

24 in. in some models; exterior widths are down from 14 in. to 34 in.

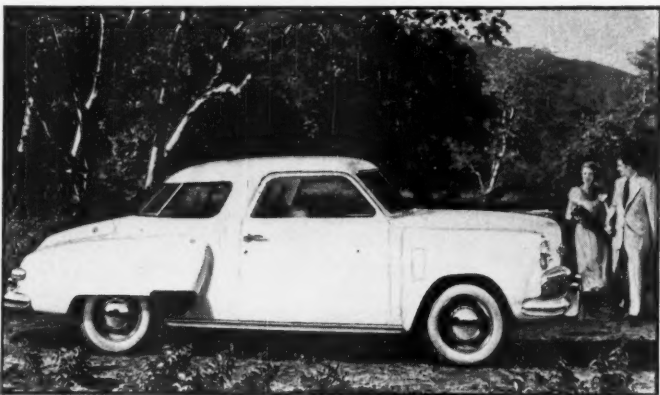
• **Orthodoxy**—At Chrysler, there is more than a kinship between the company's four lines of cars; there is also more of a link with the immediate past than has shown up in the postwar offerings of other makers. Fenders are retained as separate units in these series; and body lines are more orthodox than most.

And Chrysler is contributing a new motif—with historical overtones—to the model parade: It showed a Dodge roadster, complete in the old-time manner with folding cloth top. It differs only in the Plexiglas snap-in windows which replace the isinglass of the 1920's. Chrysler's president, K. T. Keller, was understood to have sponsored development of this job personally.

The \$90-million Chrysler retooling program which gave birth to these new models will bear its first significant fruit next month, when upwards of 50,000 of the new cars will be built. Thereafter, output will be raised as fast as steel supplies permit.

• **K-F, Too**—Kaiser-Frazer Corp. also had its new models ready last week. It showed them to a dealer organization that was still enthusiastic, despite a winter sales dip—asccribed by the Willow Run company to credit regulations (BW—Jan. 15 '49, p. 21).

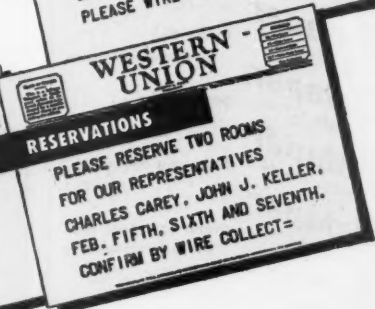
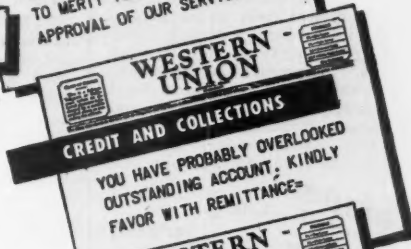
One of the new Kaiser cars, the Vagabond, has a rear seat which folds into the floor and a rear end which opens out into a tail-gate, thus providing a utility carry-all. Plymouth has a "suburban" model that carries out that idea.



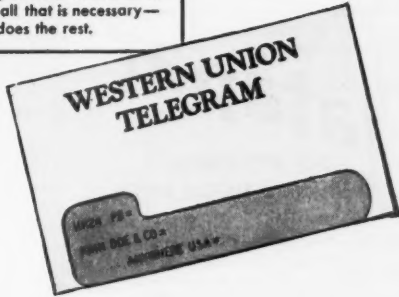
STUDEBAKER for 1949 has retained the design that was a big factor in setting auto styles, with minor chassis improvements. There is talk of major changes coming in 1950. This year, interiors are more luxurious. Imitation alligator is widely employed

8 PROFITABLE WAYS TO USE TELEGRAMS IN BUSINESS

HERE are a few of the many profitable ways that businessmen throughout America use telegrams—hundreds of thousands every day. For busy businessmen know that Western Union serves both ordinary—and extraordinary—business needs. Always available, always dependable, telegrams are swift. Sure to get first action, yet never intrude. Allow time to deliberate. Accurately record transactions, are legally binding. Economical, too. A Western Union representative will be glad to call and explain the various ways telegrams can be used to advantage in your business.



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Where the same message is being sent to many people, one text and a list of addressees are all that is necessary—Western Union does the rest.



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Patapar
bottle hoods protect the kiddies' milk

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boiler liners help you enjoy your ham

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Gas or Diesel?

Operating conditions in each case will determine which is more economical. Two users report savings by diesels.

Diesel engine or gasoline engine: Which is more economical over the long run? That has been a top question in the minds of bus and truck operators ever since the diesel engine was developed. And it's still a top question; the evidence to justify a decision won't all be in for many years.

This week, each group had new evidence to ponder. At the Detroit meeting of the Society of Automotive Engineers (page 30), a major bus operator and a big truck-fleet owner reported on controlled cost experiments. Both reported in favor of the diesel. But both stressed the fact that their conclusions were valid only for their own individual circumstances.

• **Buses**—E. N. Hatch, senior mechanical engineer for the New York City Board of Transportation, based his conclusions on the board's bus-operation records for a period of several years. The board operates both gasoline and

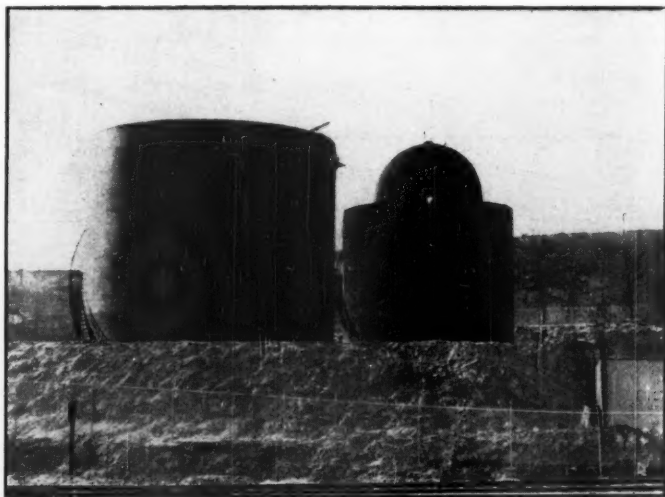
diesel buses; in fact, it still buys both types: Of 1,744 new buses purchased since 1946, 1,234 have diesel engines and 510 gasoline.

Experience with these buses, says Hatch, "coupled with a good preventive maintenance system, has fully convinced me that the diesel engine in city bus operation is definitely more economical."

• **Cost Items**—The three principal cost items that must be considered, according to Hatch, are first cost, fuel cost, and maintenance cost over the life of the bus. In the New York City operation, he says, there is no real difference between maintenance costs for the two types. First-cost difference (based on the cost of replacement engines) averages almost \$1,300 in favor of the gasoline engine.

But over the life of the bus, this is more than made up by fuel economy. Assuming that the two types of fuel cost about the same, gallon for gallon (which they do today), Hatch says he is "convinced that there is a saving of approximately \$500 per bus per year in fuel costs with the diesel engine over the gasoline engine in our type of service for buses of the 40-passenger size and over."

• **Public Acceptance**—Certain other factors, aside from cost, must be taken into








Domed Storage Tank Recovers Gasoline Vapors

When gasoline storage tanks are filled, precious vapors must be allowed to escape. Socony-Vacuum Oil Co., Inc., plans to recover these vapors with its specially developed dome-shaped tank. In this Worcester (Mass.) installation, the domed tank is fitted with a flexible diaphragm made of nylon coated on both sides with Perbunan rubber. When vapors rise in the tank, the

diaphragm gradually stretches to fill the dome. The dome, in effect, stores the excess vapors from the tank itself, and those piped in from interconnected tanks. As pressure drops in the tank, the vapors condense to gasoline. With Socony's method, vapors are "saved up" in the dome. The Worcester installation is part of Socony's 61-million-gal. storage-capacity program started last spring.

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worker 65 hours  to earn a
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Ebasco can help you on corporate reorganization plans... also on problems of financing and re-financing.



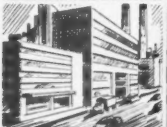
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Ebasco can help you install budget controls, cost accounting, wages and salary administration or other programs.



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Ebasco helps on problems of systems and methods, insurance, taxes, pensions, personnel relations, appraisals.



Production Costs
Ebasco helps on product design and production engineering. Ebasco also designs and builds efficient new plants.



Marketing Costs
Ebasco helps on sales and marketing, warehouse distribution; also on appraisals of markets for products.

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consideration. Public acceptance is important. Among the problems here are smoke, noise, and heat in the bus in cold weather. The smoke problem is perhaps the most serious; to forestall complaints, Hatch says, "it is absolutely necessary to have a good preventive maintenance system in which the exhaust smoke is controlled and bad odors reduced to a minimum." Diesel engines, he admits, are noisier, but "this problem has been controlled to the point where we have not had any serious complaints from the public."

The heating problem arises from the fact that diesel engines run at a greater thermal efficiency than do gasoline engines. Thus, there is less heat available from the hot water in the cooling system. This problem becomes serious when temperatures drop below 10 F. Solution: a booster heater, using diesel fuel. This addition, however, increases cost a little, and creates a new maintenance problem.

• **Other Problems**—Another problem: Use of diesel buses in a northern climate "makes it essential to have well heated and adequately ventilated garages." They need to be well heated because the critical temperature below which the engine will not start is higher for a diesel engine than for a gasoline engine. They need to be well ventilated because the smoke and fumes would otherwise cause complaints and loss of efficiency among maintenance workers.

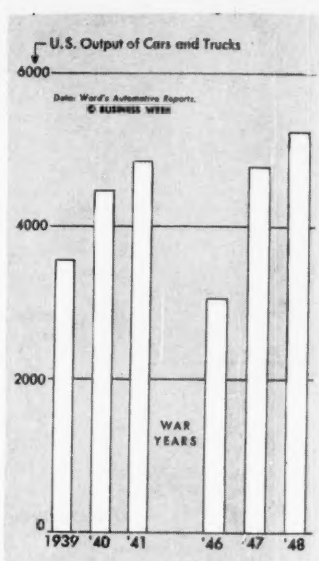
One final point: Diesel mechanics need more training, by and large, than gasoline-engine mechanics; thus, good ones are harder to find.

• **Trucks**—Comparative data on truck operation were presented by Howard L. Willett, Jr., executive vice-president of the Willett Co., Chicago truck operator. His report stressed particularly the need for absolute comparability in conditions, in order to get results which were at all valid.

For his sample he picked only trucks with the same style and engineering factors, carrying the same payload over the same terrain. Then, by separating the trucks involved by make and age, absolute comparability was assured. On the basis of this breakdown, he set up a hypothetical example of a truck operating at a rate of 36,000 mi. a year for six years. Here are his results:

The original list price of the gasoline truck was \$7,500; of the diesel truck, \$9,500. The total operating cost for six years of the gasoline truck figures out to \$32,940; of the diesel truck, to \$22,320. Totals: for the gasoline truck, \$40,440; for the diesel truck, \$31,820—a saving of \$8,620.

• **Caution**—After he gets all through, however, Willett cautions again that his conclusions are valid "only in this particular case and under these particular conditions."



Car Output Soars

Last year was second best in history, with 5.3-million cars and trucks. Independents did better than ever.

In spite of the tightness of cars and trucks in the consumer market during 1948, it was the second biggest year in the history of the automotive business. Ward's Reports, Inc., authoritative Detroit statistical agency, shows that output in U. S. plants totaled 5,274,272 cars and trucks (chart). The only better year was 1929, when 5,358,420 (including buses) were built.

• **U. S. and Canada**—For the U. S. and Canada—a combined figure which more truly reflects U. S. plant activity, since most Canadian assemblies grow from U. S. components—the aggregate was 5,536,442 on the Ward figures, as compared with 5,621,045 in 1929.

As against 1947, last year saw an increase from 4,792,492, or 10.1% for U. S. plants, and from 5,052,523 for combined plants, or 9.6%.

• **The Independents**—The significant aspect of the year's output was the way the so-called "independent producers" (nonmembers of the Big Three) improved their relative position. Before the war these makers rarely, if ever, accounted for more than 15% of total output. During 1948, however, they had about 21% of the grand total. One big factor in this climb was Kaiser-Frazer. The Willow Run producer had 3.28% of the industrywide U. S.-Canada

total. But other independents generally boosted their shares of the business.

Chevrolet, Ford, and Plymouth again were the volume leaders in passenger-car output, and competition among the three leaders tightened somewhat. Ford reduced its total, due to its lengthy change-over shutdown.

• **Car Leaders**—This table shows U. S. passenger-car output of the 10 volume-leading makes, as estimated by Ward's:

	1948	1947
Chevrolet	775,982	695,993
Ford	549,065	601,665
Plymouth	376,872	350,327
Buick	275,504	267,830
Pontiac	253,569	223,015
Dodge	236,854	231,804
Oldsmobile	194,389	191,454
Kaiser-Frazer	181,616	144,507
Studebaker	166,755	123,641
Mercury	154,702	124,612

• **Truck Leaders**—Leading truck producers, in order of output, were Chevrolet, Ford, Dodge, International, Willys, and Studebaker.

MOTOR GEAR RATIO UP

Packard Motor Car Co. hopes it has found a simple way to broaden the market for its marine engines—simply increase the gear ratio.

Packard has started to offer an optional gear reduction of 3.55-to-1 on both its 150-hp. eight and its 100-hp. six. Previously available ratios were 1.45-to-1, 2.04-to-1, and 2.52-to-1. With the new gearing, the engines will be adapted for use on heavy-duty work boats and large pleasure craft.

Last year Packard sought to broaden possible uses of its marine engines by introducing a hydraulically operated clutch and reverse gear. The company featured this new equipment, installed on an eight-cylinder engine, in a special display at the New York Motor Boat Show this month.

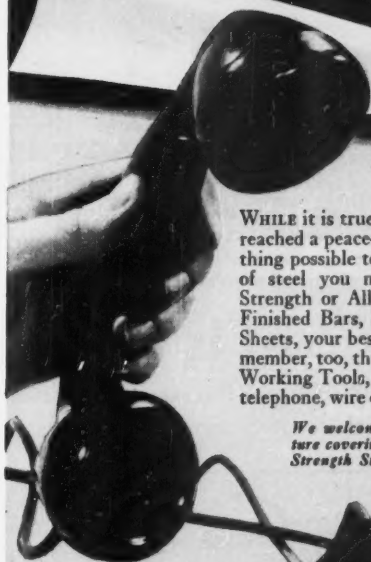
SHOWY SHOWROOM

Car dealers planning a new showroom should take into account a fundamental fact: Drivers can't see so much as pedestrians. Thus, a dealer's show window, to get full attention, must stick out well beyond any recessed portion of the building.

This and similar tips appear in a new General Motors booklet, "Planning Automobile Dealer Properties." It is the result of four years of study and field work, plus an architectural contest.

G. M. shows 16 fundamental structures that can be juggled to meet the requirements of practically any auto agency, large or small. The booklet tells how to build or revamp the physical plant with these factors in mind: traffic, size and shape of lot, location, types of vehicles and merchandise sold.

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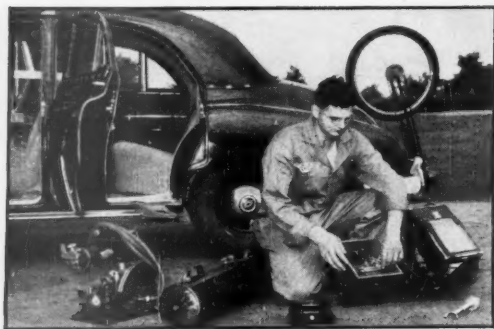
UNITED STATES STEEL



- 1** Test models of Chevrolets roar at top speed around 3.8-mi. track at General Motors proving ground near Detroit. Here G.M. puts its own and competitors' autos through grueling tests—in high and low gear—to uncover which parts wear out first

1949 Chevrolet Is Put Through Its Paces

General Motors testing ground is scene of severe trials for all of its autos. Prototype models of new Chevrolet have been in testing stage since 1945.



- 2** Complicated equipment checks brakes by applying pre-determined pressure, recording slowdown rate



- 3** "Fifth wheel" trailing behind car transmits speed indications more accurately than usual speedometers



- 4** Performance in hilly country is checked by driving car on grade rising 27 ft. in 100 ft. of horizontal distance



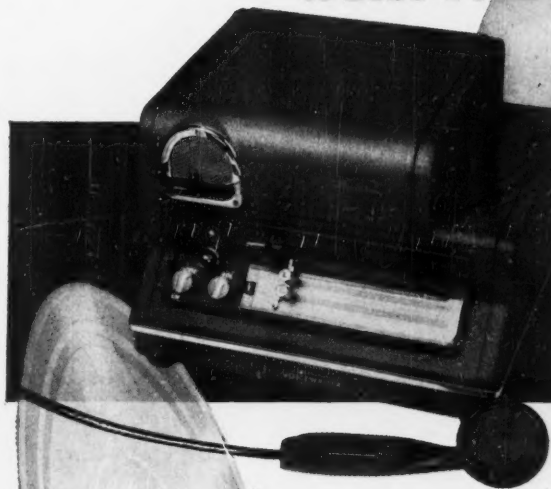
- 5** Next auto plows through water hazard, a 1,000-ft. long, two-ft. deep trough. (CONTINUED ON PAGE 76)

Now . . . Edison has applied



Ear-Tuned Jewel-Action

to DISC-TYPE office dictating instruments



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Ear-Tuned Jewel-Action—exclusively Edison . . . the feature that makes the Edison Voicewriter different from all other "office dictating instruments"

Ear-Tuned Jewel-Action—electronic magic . . . "tailor-making" the dictator's voice so that a secretary transcribing hears every word, clearly, the first time.

Ear-Tuned Jewel-Action—yours now in the brilliant new Disc Edison Voicewriter, the instrument for those who prefer a disc-type office communication system.

It's one of nineteen exclusive features in the Disc Edison Voicewriter . . . features which Edison has found,

through years of research, to be essential for convenient, efficient dictation.

You'll like the new Edison Voicewriter "push-button" ease of operation, for example . . . its speed control, complete instrument enclosure, and fully automatic mounting of the discs.

But . . . whichever type Edison Voicewriter best meets your needs—cylinder-type or disc—you get the advantages of Ear-Tuned Jewel-Action.

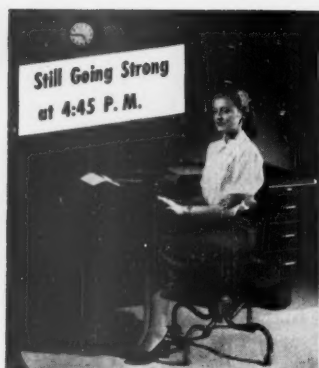
No other instrument matches Edison understandability . . . for only Edison has Ear-Tuned Jewel-Action.

Phone "EDIPHONE" in your city, or write Thomas A. Edison, Incorporated, West Orange, New Jersey. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario

Thomas A Edison

Only the EDIPHONE MAN brings you the exclusive advantages of Ear-Tuned Jewel-Action.



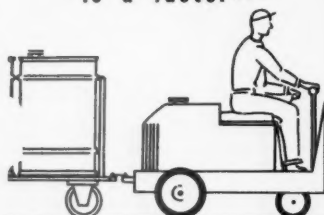


WHY? Look at her posture! Seated all day on a STURGIS POSTURE CHAIR, she escapes "afternoon letdown". A Sturgis encourages erect, healthful, fatigue-defeating posture.

Our interesting new booklet, "The High Cost of Sitting", tells you how to improve office efficiency. Write today for your free copy.



where oil resistance
is a factor...



you get longer wear with
MONARCH

NEOPRENE
SOLID TIRES

Thousands of Monarch Industrial Solid Tires used every month as original equipment by leading manufacturers of industrial vehicles. Monarch Tires for replacement available through the manufacturer of your equipment.



THE
MONARCH
RUBBER COMPANY
HARTVILLE, OHIO

Specialists in Industrial Solid Tires
Manufacturers of Molded Mechanical Rubber Goods

CHEVROLET TESTING (continued from page 74)



6 Gravel roads are kept in a condition that simulates severe driving through desert dust. Tattoo of flying stones, which drivers often find on secondary highways, adds to realism



7 To check effort needed for steering, an extra steering wheel is attached to conventional wheel. Fitted with heavy springs, it accurately measures amount of energy exerted



8 Rough stretch of blocks, irregularly placed, with gaping holes between, puts chassis and underfastenings through tougher conditions than met on most U. S. highways



9 Testing fuel consumption is a two-man job. One drives, other checks gasoline as it drains from burette into carburetor

Tests a 'Must'

From them, automakers can compile accurate and complete records of what their products can do, how much they can take.

Before any automobile goes on sale to the public, it is tested every way the engineers can think of. The object of this testing is to uncover any possible flaws that might crop up during the car's normal driving life. At the same time, such tests give automakers a chance to compile accurate and complete records of the capabilities of their products—and of their competitors' as well.

• **The Works**—The largest testing operation in the auto industry, and probably the entire world, is the closely guarded proving ground of General Motors Corp. Near Milford, Mich., 40 miles from Detroit, the proving ground is now going into its 25th year. In this rolling, 1,260-acre tract is found every conceivable kind of road and highway condition, and every sort of testing apparatus. The area even has its own fully equipped private weather station—an important item since weather is a big factor in age and performance tests.

Some 300 people are employed at Milford, and an equal number of personnel from various G.M. divisions can often be found around.

• **Three-Year Test**—Before the new 1949 Chevrolet was ordered into production, prototype models were tested for three years, beginning right after V-J Day. Hand-built automobiles covered a total of well over a million miles on various types of highways and got a thorough test in laboratories and garages.

ASK
STOKES

70% Labor Saving with Automatic Molding

SAVINGS of 70% in labor costs were made by a custom molder when he used a Stokes completely automatic plastics molding press.

Previously he had used a conventional semi-automatic press with preformer and preheater. He produced the souvenir ash tray (illustrated) on a two-cavity mold at a total labor cost of \$17.00 per thousand finished pieces.

Now, using a Stokes automatic 50-ton press, with a single-cavity mold, he produces the same ash tray for a labor cost of \$5.10 per thousand pieces . . . a saving of \$11.90 per thousand for labor alone. These are his figures, *not ours*.

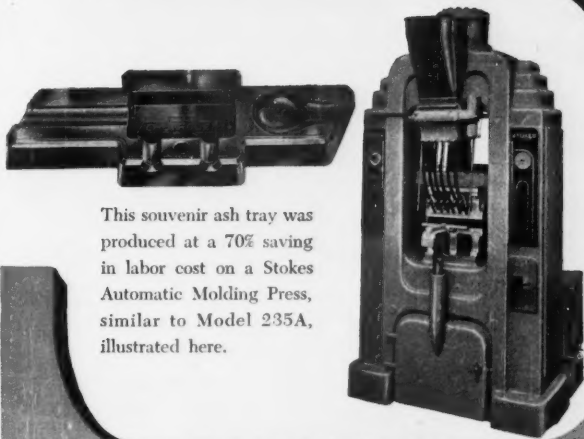
And further major savings resulted from using the high-production single-cavity mold, instead of the former higher-cost multi-cavity mold.

If you want to know what automatic molding can save you, send samples or blueprints to Stokes for free analysis.

F. J. Stokes Machine Company, 5956 Tabor Rd., Philadelphia 20, Pennsylvania.



Stokes makes Semi-Automatic and Automatic Molding Presses, Plunger Presses, Closure Presses, Preforming Presses, Industrial Tableting and Powder Metal Presses, Vacuum and Special Processing equipment, Water Stills and Special Machinery.



This souvenir ash tray was produced at a 70% saving in labor cost on a Stokes Automatic Molding Press, similar to Model 235A, illustrated here.

STOKES

KNOWS
HOW

nothing spills

ON THIS TABLE TOP.....

SPILLING and breaking are unknown on Rex Table Top Conveyor Chain. It gives bottles, cans, and jars a smooth, steady ride with no tips or wobbles. This stability results from an exclusive, interlocking hinged joint construction . . . a simple design of only two parts, platform link and a pin.

Such an efficient, economical means of materials handling is proving popular with many industries besides food packers and bottlers. Others are finding in Rex Table Top the same cost savings that they know so well in all Chain Belt Company products—construction machinery, chains for positive power transmission, many conveyors, and sanitation and processing equipment.

For able assistance in the solution of your power transmission, timing, conveying or special processing problems, call your local Chain Belt Company Branch Office or write Chain Belt Company, 1726 W. Bruce St., Milwaukee 4, Wis.



CHAIN BELT COMPANY

OF MILWAUKEE

**SPROCKET CHAINS • CONVEYORS • SEWAGE, WATER TREATMENT AND
SPECIAL PROCESSING EQUIPMENT • CONSTRUCTION MACHINERY**

UTILITIES

Enough Power

Generating capacity squeezes over December peak with 5.1% to spare. That was better margin than expected.

The electric light and power industry has passed its stiffest test. Power capacity got by the December, 1948, peak—the highest electric load in history—with a margin of 5.1% to spare.

• **Shortage?**—That wasn't exactly passing with flying colors (15% reserve is considered comfortable), but it was a better score than the prophets had looked for. And Edison Electric Institute regards its survey of the power situation as refutation of the claim that a critical power shortage exists.

• **Survey**—The survey, issued last week, covered 90% of the nation's central station power capacity. The institute estimated that the December peak use reached about 53-million kw. against an installed capacity of about 56.4-million kw. Its survey did not include about 6-million kw. of central station capacity, about 3-million kw. operated by Tennessee Valley Authority and another 3-million operated by municipals and similar isolated systems.

The 5.1% margin was slightly better than last year's actual margin, 25% above what E.E.I. had predicted for this winter's peak-load season.

• **Satisfied**—E.E.I. pointed out with evident satisfaction that the industry had bettered the National Security Resources Board's margin forecasts. NSRB had predicted a 3.4% reserve margin under median hydro conditions—which mostly prevailed throughout the country. E.E.I. noted that in the Pacific Northwest, where federal power projects are counted on for new sources of supply, there was no margin.

The survey also showed some curtailments, at the time of the peak load; but they came to only 7%.

• **Factors**—Several factors contributed to the surprise margin.

INSTALLATION of over 4-million kw. of new generating capacity during 1948;

A SLIGHT LEVELING OFF of demand in nearly all parts of the country during the last quarter of 1948. E.E.I. doesn't try to explain this one, is wondering whether it indicates a trend.

The Institute reports that the output figure showed a minus last week from weekly output of a year ago. That's

Did you know these facts about New York State?

AS A MARKET



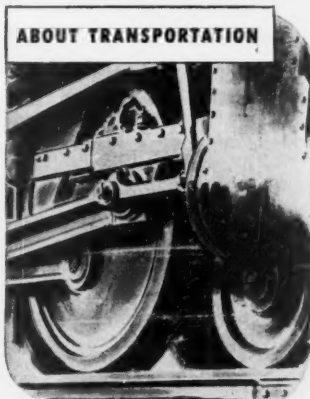
1. If you're relocating or expanding your business, remember that about 50% of the U. S. population lives within 500 miles of New York State. But what percentage of Canada's population, too? () 30% () 50% () 70%

AS A SOURCE OF SUPPLY



2. 422 of the 446 U. S. industries are represented in N. Y. State, so suppliers are nearby—important to consider on F.O.B. shipments. How many business firms, would you say, are located here? () 200,000 () 460,000 () 540,000

ABOUT TRANSPORTATION



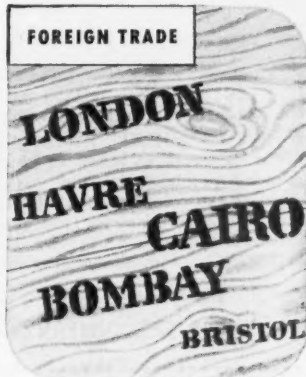
3. By rail, highway, ship or air—no other state is better equipped to move your products. The Atlantic, Great Lakes and St. Lawrence are connected—by how many miles of N. Y. State inland waterways? () 325 () 745 () 907

CONCERNING LABOR



4. 12.5% of all U. S. skilled labor is in N. Y. State, and 12.7% of all non-agricultural workers, with an excellent stay-on-job record. About what percentage of all employees are women? () 11% () 21% () 31%

FOREIGN TRADE



5. The complete facilities of the Port of New York are within 24-hour freight service from any point in New York State. How many miles of developed waterfront are there in this Port? () 50 () 250 () 550

"WELCOMING COMMITTEE"



6. We'll gladly furnish information on such matters as plant location, technical service, marketing, foreign trade—to suit your particular needs. Write: Commissioner, Dept. of Commerce, Room B-1, 112 State St., Albany 7, N. Y.

Answers:

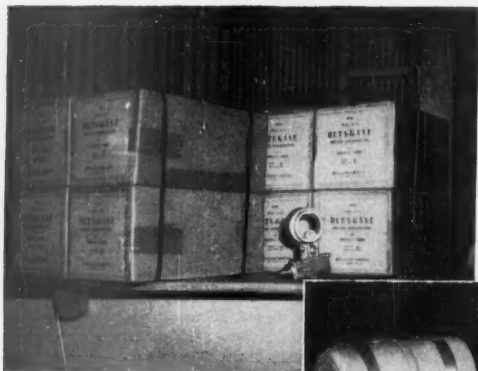
1. About 70%. 2. About 540,000 business firms.
3. 907 miles. 4. 31% in September 1947. 5. 550 miles.



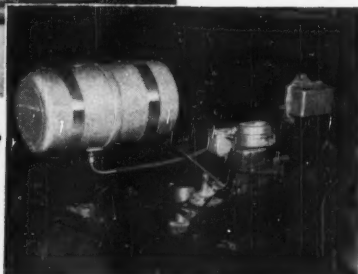
NEW YORK
means business

Save Express Charges by Bundling Shipments

Acme Steelstrap helps shipper cut express costs 43% by bundling cartons and shipping them as a single unit



THE OCTA-GANE WATER INJECTION CARBURETOR, developed during the war for aircraft use, is now being applied to trucks, tractors, and passenger automobiles to get better, more economical gasoline consumption. This photograph shows typical passenger car installation.



THE TEST SHIPMENT THAT PROVED THE SAVING! Here are four Octa-Gane carburetors and supply tanks, bundled as an Acme Uni-Pak. Express charges when shipped separately were \$4.01—as a bundle, \$2.26. Cash saving, \$1.75, or 43%.

Here is a cost-cutting idea you may be able to apply now—today—to save on shipping charges for your company.

Octa-Gane carburetors, made by Exola Products, Inc., of Los Angeles, are packed for shipment in five-pound cartons. Separate express shipments of less than 10 pounds to one consignee at one destination are charged for on the basis of 10 pounds minimum per package.

An Acme Shipping Specialist quickly demonstrated a big saving by bundling four cartons into one package with Acme Steelstrap.

In a cost comparison test, four Octa-Gane carburetors and supply tanks shipped singly cost \$4.01 in express charges, while an Acme Uni-

Pak bundle of four cartons cost only \$2.26—a cash saving of 43%.

For cost-cutting ideas on your shipping problems, call the Acme office nearest you, or write us. Or mail the coupon today for more true case histories of "SAVINGS IN SHIPPING," with Acme methods.

STRAPPING DIVISION

ACME STEEL COMPANY

Acme Steel Company, Dept. BW-19
2838 Archer Avenue, Chicago 8, Illinois
Please send me a copy of your case history booklet, "SAVINGS IN SHIPPING."

Name

Company

Address

City Zone State



Doc. Steelstrap

Acme Steelstrap

NEW YORK 17

ATLANTA

CHICAGO 8

LOS ANGELES 11

ACME STEEL CO.
CHICAGO

the first such minus in two and a half years. One factor in the picture held reserves back. In some sections, the peak came earlier than usual, caught a few plants with their capacities down.

• **Demand Still Up**—Peak power demand for 1948 was about 7% above 1947's peak. This was a smaller rise than in the previous year, when demand topped 1946 demand by over 10%.

For 1949, another 7% rise in demand is in the cards. To offset this, the industry expects to add 6.7-million kw. of generating capacity this year—an increase in capacity of about 12%.

Federal Power Plans Bigger Than Ever

Federal power operations under the Truman Administration are going to blossom out as never before.

This week, statisticians for the power industry were combing over Truman's budget for the fiscal year ending June, 1950. They can't figure out exactly how much the government plans to spend for power facilities; too many of the key figures are buried in the mass of budget estimates for multiple-purpose projects. But they can readily see that the proposed outlays for public power are at a new high.

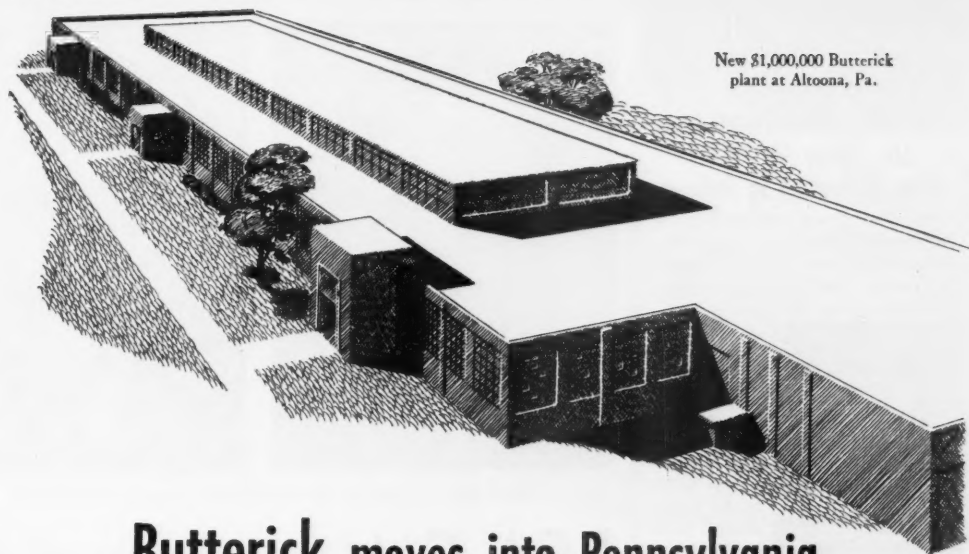
• **More Money Due**—Nearly all government agencies concerned with building or operating electric-power facilities are due for more money—unless Congress welds the ax.

A notable exception is the Rural Electrification Administration. It's in for new loan authorizations of \$350-million, against a fiscal '49 allotment of \$400-million. But REA thinks it will carry over loan funds of \$119-million from this year. It expects to advance a total of \$360-million during fiscal 1950, against \$310-million in fiscal 1949.

• **New Power Plans**—Most of the federal power work proposed for 1950 involve projects that already are under way. But appropriations for five major new developments are in the budget.

They include: TVA's Johnsonville steam-generating plant; two Pacific Northwest power and navigation projects of the Army Engineers; the St. Lawrence seaway; and the Reclamation Bureau's long-sought Delta steam-generating plant in California's Central Valley.

• **6-Million Kw. a Year**—Truman's big public-power budget fits in with the plans that His Council of Economic Advisers has been blocking out for him (BW—Jan. 15'49, p. 19). The council thinks that the country's electric power capacity should grow by about 6-million kw. a year. And it wants public hydro projects to supply about a third of this.



New \$1,000,000 Butterick plant at Altoona, Pa.

Butterick moves into Pennsylvania

The Butterick Company, Inc., internationally famous manufacturers of patterns and publisher of fashion publications, has moved its entire U.S. production facilities to a recently completed plant at Altoona, Pa. This plant is the first the company has ever had in Pennsylvania.

The Altoona plant, which is located on a ten-acre tract, represents an investment of nearly \$1,000,000 for buildings and equipment. In it are produced the complete line of nationally distributed fashion patterns and in it is printed the famous Butterick fashion publications.

Most of the "Blue Chip" companies engaged in the manufacture of a wide range of diversified products have plants in Pennsylvania. Here, like Butterick, they are near the busy Eastern markets, and in the midst of one of the biggest home markets in the nation and they have available a plentiful supply of raw materials, power and skilled labor.

May we tell you about available sites suitable for the individual needs of your company? Write to the Department of Commerce, Harrisburg, Pennsylvania.

Mr. T. D. Griffith, Butterick Vice-President, summed up the reasons why this Pennsylvania city was selected for the location of this new plant in these words:

"Before we made the final selection of the location for our new plant, we examined numerous plant sites in many states, and we finally settled on Altoona.

"We liked the central location of this area in the middle of the huge Eastern market.

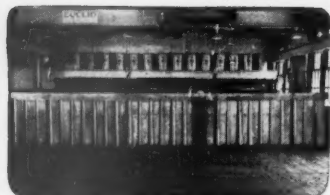
"We liked the results of a survey of the labor available in Altoona for it showed that the workers had a mechanical aptitude, reaching back many generations in most instances.

"We liked the established rapid transportation and distribution systems which were free from interruptions and complications to speed our products to their ultimate markets."

JAMES H. DUFF, GOVERNOR



IN THE HEART OF THE WORLD'S GREATEST
MARKET WITH OVER 69,000,000 PEOPLE
WITHIN A RADIUS OF 500 MILES.

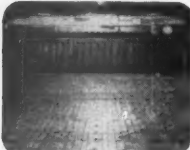


Six 1-Man Ice Plants Now Operating in Indiana

The world's first large ice-making system to be operated by one man, working only one shift, was started at Indianapolis in February, 1945. This (shown above) has made 42 tons of ice every day for



Polar Ice & Fuel Co.'s, 70-Ton System at New Albany



62-Ton Plant of Serv-Ice and Coal Co. at Columbus



46-Ton 1-Man Plant of Muncie Ice & Coal Co.



52-Ton "Zero" Plant, Indiana Ice & Fuel Co., Indianapolis

FRICK CO.
WAYNESBORO, OHIO U.S.A.

South Bend Brewing Company's 108-Ton Tanks



over 1350 consecutive days — a record, and equal to over a billion ice cubes!

Five other Frick 1-man plants have since been built, at Muncie, New Albany, Columbus, Indianapolis, and South Bend. The largest of these makes 108 tons daily. All operate with remarkable economy. A 100-ton 1-man Frick plant is also under construction at El Paso, Texas.

If you need ice-making equipment, get estimates from the largest builder, write:

MARKETING



CBS' Paley and Stanton opened fire with Microgroove records. But

RCA Gets Into the Battle

It has upset the whole industry with its new 45-r.p.m. record. Will one more speed frighten consumers off?

When a wheel that has been spinning nicely suddenly gets a little bit off center, sometimes the whole machine gets upset. That's just about what has happened in the phonograph and record industries, which have made pretty standard products for years. The rivalry between two major companies, Radio Corp. of America and Columbia Broadcasting System, initiated the blowup.

• **Long War**—Previously the two companies have tussled over such questions as black-and-white vs. color television. That episode ended with a victory for David Sarnoff and RCA (BW—Mar. 22 '47, p20).

Next came a scramble between CBS and RCA's National Broadcasting Co. to buttonhole various radio stars. That time, maneuvers by board chairman William Paley and president Frank Stanton brought victory back to CBS. This caused the amusement trade's magazine, *Variety*, to head its year-end story on radio, "1948: The Year of Paley's Comet."

• **How Slow Is Slow?**—Now the battle has shifted to the phonograph record business. The two companies agree that a slow-speed record is a great advance—but they can't get together on how slow. Nor do they concur on what size a record should be, how close together to put the grooves.

The outcome will have a direct effect on all the people who make—and buy—

either records or record players. Other record manufacturers won't stand idly by and let the two combatants have the slow-speed record field to themselves. And phonograph makers have to decide whether they're going to equip their machines to play Columbia's records, RCA's, or both.

• **Microgroove**—Here's how the newest phase of the CBS-RCA rivalry got started. CBS's subsidiary, Columbia Records, brought out a Long-Playing Microgroove record last summer (BW—Jun. 26 '48, p66). It came in 10- and 12-inch sizes, played at a speed of 33½ r.p.m., had up to 22 minutes of music on each side. But it couldn't be played on a standard 78-r.p.m. phonograph. So buyers of Columbia's LP records had to buy an attachment to play them.

According to Columbia, plenty of people did just that. Recently it announced that the public bought 1.5-million LP records and 500,000 attachments during the first seven months on sale.

• **RCA's Entry**—Many manufacturers of radio-phonographs decided that the Columbia LP record was here to stay. So they equipped their new models with two-speed turntables to accommodate both standard and LP records. And they put two playing arms on the machines, one for each type of record.

Meanwhile, the trade buzzed with rumors of RCA's entry into the slow-



.... R.C.A.'s Sarnoff and Folsom took their own time before seeing to it that ...

le of the Discs

speed record field. But RCA didn't say anything about it until last week. Then it put its baby on display.

• **Different Speed**—The RCA record plays at a speed of 45 r.p.m., can carry a little more than five minutes of music per side. The disc is 6½ in. across. But its center spindle hole—1½ inches in diameter—means that it can't be played on any ordinary turntable. RCA also displayed a brand-new record changer, that plays only records of the RCA design. Its oversize spindle contains the changing mechanism.

Columbia, however, wasn't content to let RCA get all the headlines with its new record and changer. Almost simultaneously, Columbia brought out an addition to its own LP family—a 7-in. record—mainly to handle popular and other single-disc releases.

• **Trade War?**—RCA claims that its new disc is not part of a trade war. RCA president Frank Folsom says he merely asked his engineers to design the best type of record and reproducer that they could devise; the 45-r.p.m. record was the result.

Even if the situation isn't a trade war, it has all the earmarks of one. Said Edward Wallerstein, chairman of the board of Columbia Records, "We are unable to fathom the purpose of the records revolving at 45 r.p.m." Folsom retaliated by listing the principal objections to Columbia's 33½-r.p.m. record.

• **Confusion**—To the confused U. S. record buyer, most of whose equipment is hopelessly obsolete in the face of record technology, these actions mean that he,

too, has a decision of his own to make.

Equally confused is the radio-phonograph manufacturer—who has to sell the kind of machine the public wants. He's got to try to guess how consumers are going to react to the various new record sizes and speeds.

• **Phonograph Makers**—RCA says that at least 12 set manufacturers will include an attachment to play RCA 45-r.p.m. records in their spring lines. Like CBS, the company is offering the industry rights to both the record and the changer on a royalty-free basis.

Not all phonograph makers are this certain about their future plans, however. Here are a few typical points of view:

Admiral Corp. says it will wait to see what kind of consumer acceptance the RCA record receives before it installs an RCA-type player. (Admiral claims to be the only manufacturer now offering as standard equipment on its console models a record player that automatically plays standard records and all three sizes of Columbia LP records with one tone arm.)

Motorola, Inc., on the other hand, says that it soon will have equipment to play all three speeds, in all sizes. This, of course, means that Motorola will have two record players in its radio-phonograph.

Farnsworth Radio & Television Corp. now has equipment in production to play all three Columbia records as well as standard discs. And in its new cabinet lines, it may leave extra space—for installation of an RCA record player, if the customer wants it.

Those who make phonograph records in competition with RCA and Columbia



DON'T RUN!

DON'T SHOUT!

—Get your man instantly with Executone Intercom!

To locate anybody in any department—just press a button and talk! With Executone, endless running around is eliminated. Executone's instant voice contact saves time, money and tempers... introduces a new efficiency. Questions are answered directly, telephones freed of "inside" calls—everybody gets more work done faster!

Executone is DEPENDABLE



• Executone gives you an individually engineered electronic intercom system that's unconditionally guaranteed. Installed and serviced on your premises by Executone-trained experts in your locality. Two stations from \$61. Mail the coupon today!

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Without obligation, please let me have:
☐ The name of my local Distributor.
☐ Complete descriptive literature.

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PARSONS *Cotton Fiber Paper* IS STRONGER

Only when made with long, strong, tough new cotton fibers are record-keeping papers and cards enduring enough to stand up under constant handling.

Records on Parsons ledgers or cards stay legible. The card stock is solid, not sheets pasted together, so it can't split. Manual or chemical erasing

doesn't roughen the surface, and the color stays the same. Ink from pen or machine won't spread along the fibers. Parsons ledger papers and cards come in matched colors for easy handling, reference and color control. They're available in a wide range of colors and qualities to fit your needs.

"How to Make Your Records Legible and Lasting"

This is the title of a new free booklet that gives the answers on papers for accounting and record-keeping purposes. It tells what types of paper or card to use for various applications and gives valuable hints on saving time, effort and paper. Send for your copy today — no obligation.

Remember these five points of superiority: Parsons Cotton Fiber Papers last longer, wear better, have superior writing and erasing qualities, outstanding appearance and the look and feel of quality that reflects prestige on your organization. Parsons Paper Company, Department 11, Holyoke, Massachusetts.

It Pays to Pick



PARSONS

P A P E R S

Made with New Cotton Fibers

© PPC 1949



COLUMBIA'S BABY: 7-in. LP disc



RCA'S BABY: requires an RCA changer

also have some thinking to do. They must decide whether to accept RCA's or Columbia's offer to let them make the new-type records royalty-free. Capitol Records says it's still thinking it over. Decca Records, the other member of recording's Big Four, is noncommittal about its plans, says merely that it will intensify its present efforts. One smaller manufacturer, Mercury Record Corp., is going along with CBS; it will make 334-r.p.m. records.

• **Greater Intensity**—Generating this confusion is an RCA-CBS rivalry that has grown to new intensity in recent years. What has intensified the rivalry has been CBS's constant search for tangible property—to supplement its intangible business in network time, strengthen its competitive position against the well entrenched RCA.

The first postwar test of strength was settled in 1947. RCA, with heavy investment in low-frequency black-and-white television, sought to solidify public acceptance of TV in that range.

CBS, on the other hand, could hope

for no more from black-and-white television than the five broadcast stations the FCC would allow it to own. But it had built up a potentially strong patent position in high-frequency color television. So it asked FCC for permission to operate a color TV station in the upper end of the radio spectrum.

If this had been successful, it would doubtless have held back black-and-white TV—while the public waited to see which was best—and CBS would have been in business in color.

• **Comeback**—After a series of hearings, however, FCC said no to the CBS plan.

CBS, however, continued to plod along developing its own black-and-white techniques and outlets. And it gave particular attention to the radio end of its business. The result was that CBS acquired the Amos 'n' Andy show from NBC on a fancy capital-gains deal (BW—Dec. 4'48, p. 21). And more recently, CBS snatched Jack Benny from NBC.

• **Impact on Trade**—Record retailers are a little apprehensive about the new speeds and sizes in records. They're afraid that the variety of merchandise may scare away some more customers. In 1948, their business sagged some 40% below the peak it hit in 1947. And the record merchants aren't willing to take much balm from the fact that, despite this slump, record sales are still about 20% ahead of prewar figures.

MARKETING BRIEFS

Gasoline consumption hit a new high in 1948: 30.7-billion gallons, according to tax figures. This beat 1947 by 9%. And the number of privately owned automobiles jumped to 33.2-million, up 2.5-million.

Chicago's furniture market closed last week on a note of cautious optimism. No sales records were set, but most manufacturers considered the event satisfactory.

Dayton newspapers now number two, both owned by Evening News Publishing Co. It bought the morning Journal and evening Herald, combined them into a morning daily—which left the afternoon field open to the company's news.

Neiman-Marcus is joining the trek to the suburbs (BW—Oct. 4'47, p. 25), too. Work will start soon on a \$1.5-million branch in Dallas' Varsity Village section.

Quarter reprint books sold better than ever last year—135-million copies as against 1945's 69-million, the previous record.

AN UNSEEN SERVICE TO INDUSTRY THROUGH WHICH EVERYONE BENEFITS

When I was a kid, blowing bubbles was a favorite pastime. Later, I found bubbles could be mighty harmful. In locomotive boilers, for instance, they carry over into the dry pipe, contaminate the steam. Then, train schedules are upset, passenger and freight trains slow down. All on account of bubbles! Railroads have a remedy, now, in Dearborn's Polyamide Anti-Foam 666. It produces more solid water, purer steam . . . keeps those bubbles from huddling together to form that treacherous foam.

... *The Traveler*

MEMO: Dearborn engineers will be glad to discuss the use of new Polyamide Anti-Foam 666 in your locomotive boilers. It will prevent foam formation and greatly improve the efficiency of your steam locomotives.



*Your
passenger
and
freight
traffic
moves
with
dispatch
because
of the
latest
discovery
of
foam
prevention
for
locomotive
boilers*

Dearborn

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... the leader IN BOILER WATER
TREATMENT AND
RUST PREVENTIVES



DEARBORN CHEMICAL COMPANY Gen. Offices: 310 S. Michigan Ave., Chicago 4, Ill.
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Los Angeles • New York • Cincinnati • Denver • Detroit • Tulsa • Indianapolis • Philadelphia
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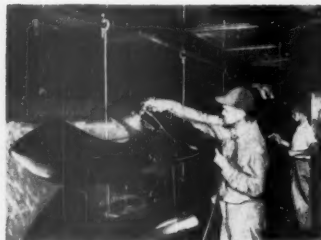


Webb Conveyorized production is "paced" production—it moves with a steady, even rhythm that gets results in high volume at low cost, and supplies the right parts to the right place at the right time.

Bottlenecks are avoided . . . piling up of parts is eliminated . . . idleness of machinery from failure of material supply is done away with. Webb Conveyors provide a means to organize production into an orderly, continuous flow, and to provide live storage where needed.

For three decades, Webb has been providing conveyors for the most exacting production in industry. We have an organization which knows its job—knows how to select, design and build the right conveyors for your plant.

2892



Write or phone for specific recommendations on your own needs

JERVIS B. WEBB CO.

8951 ALPINE AVENUE
DETROIT 4, MICHIGAN

Offices in Principal Cities

Brass Co. Woos Consumer

Old line industrial supplier, Bridgeport Brass Co. picks up scientific marketing tricks to push its warborn aerosol consumer goods in pressurized sprayers.

Until the end of the war, the Bridgeport Brass Co. had never had much to do with consumer goods. Ever since it quit making carbide lamps and bicycle pumps thirty years ago, Bridgeport Brass has concentrated on making things for other industries.

• **War Baby**—But now Bridgeport Brass is edging back into the consumer goods picture. It started as an outgrowth of war work; the company got a lot of experience making pressurized aerosol-type insecticide dispensers for the armed forces. After the war the company merely turned its jungle bug killer into channels that led to U. S. households.

The acceptance of its insecticide was an eye-opener to Bridgeport. The pressurized "bomb" method of dispensing liquids looked as though it might have other applications to consumer needs and Bridgeport business.

Last week Bridgeport Brass (1) broke a large-scale advertising campaign on the East coast for a new aerosol-type

room deodorant spray called Good-Aire; and (2) took a first look at the results of a test merchandising campaign for another new product, Bridgeport Plastic Coat. Both products are dispensed from a pressurized container like the ones that shoot out the insecticide.

• **A Natural**—This type of consumer product is really closer to Bridgeport Brass' industrial operations than it might appear. For many years the company has made valves and specialized in deep-drawing of metals. (Deep-drawing is the process that turns a thick circular piece of metal which looks like an oversized hockey puck into a slender seamless artillery-shell case, a cylinder for a tire pump, a flashlight case, or the like.)

With its experience in this type of fabrication, the company has little difficulty in turning out the pressurized sprayers. First it makes the container in its deep-drawing presses; then it adds a valve of its own manufacture. And then the assembly is filled with the anti-



Water Softeners to Soften Steel Men

One way to lick the steel shortage is to sell steel suppliers on a company's importance as a customer. Thus reasoned officials of Culligan Zeolite Co., Northbrook, Ill. So they undertook the job of selling 15 steel firms on Culligan.

Harold F. Werhane, executive vice-president, and John J. Noel, purchasing agent,

are doing the selling. To executives of the 15 companies they are giving copies of an elaborate, stainless-steel-bound "brochure." Inside its metal covers they will find the story of Culligan's established water softening service business (BW—Dec. 28 '46, p. 21), its promise of future growth, its growing need for steel.



**MELTING AND
ALLOYING
ZINC BASE DIE
CASTING METAL**

Reverberatory Furnace Operations

GERITY-MICHIGAN CORPORATION

Demonstrate High Temperature *GAS* Firing Technique

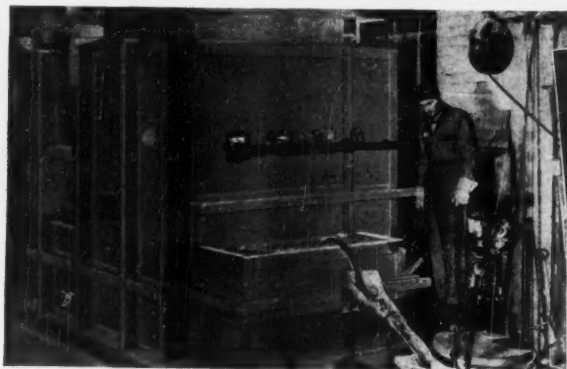
REVERBERATORY FURNACES designed to increase the production of zinc base die casting alloys have expanded melting and alloying capacity almost 50% over conventional pot melting. At Gerity-Michigan Corporation, Detroit, these Gas-fired furnaces operate on practically continuous schedules with savings of 35% to 40% based on time-saving methods and more efficient fuel utilization.

This application demonstrates the flexibility of GAS for industrial heating processes in high temperature ranges. But it also emphasizes the role of GAS in the development of production-line equipment for non-ferrous metals.

R. L. Wilcox, metallurgical engineer and Vice President of Gerity-Michigan Corporation describes

the furnace and its application—"This 18-ton Gas-fired reverberatory furnace has the advantage of extended service life, more efficient fuel utilization, closer temperature control, simplified alloy analysis."

Regardless of the type of heating operation or heat-treating process, GAS is the ideal fuel for any temperature requirement, or any production-line application. The characteristics of GAS—speed, flexibility, economy, controllability—are useful features for every industrial heating need. In view of rapid developments it's always worthwhile to keep your eye on what's new in Modern Gas Equipment.



MORE AND MORE...

THE TREND IS TO *GAS*

FOR ALL
INDUSTRIAL HEATING

Gas-fired reverberatory furnace designed and constructed especially for melting and alloying zinc base die casting alloys at Detroit Die Casting Division.

AMERICAN GAS ASSOCIATION

420 LEXINGTON AVENUE

NEW YORK 17, N. Y.

**IN A HURRY FOR
PACIFIC COAST
PRODUCTS or
MATERIALS?**



GET

**"DAYS-SOONER"
DELIVERY
AT LOW COST**

by routing all
your eastbound freight via

P.I.E



*"Save time and money
the dependable P.I.E. way!"*

Fastest-by-land between San Francisco or Los Angeles and Chicago or St. Louis...with comparable speed to all intermediate and points beyond P.I.E.

We arrange the details with the shipper in any and every California point...and, where destination is beyond P.I.E., interline with the carrier of your choice at the P.I.E. Mid-West Terminal most practical to you!

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PACIFIC INTERMOUNTAIN EXPRESS

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Elko • Ely • Pacatello • Reno • Salt Lake City
San Francisco • Los Angeles • Sacramento • Oakland

General Offices: Salt Lake City, Utah

bug juice, deodorant, or plastic spray.
• **The Squirt**—It's the method of getting the spray into—and out of—the container, however, that gives the end product its value. The insecticide, for example, goes in in liquid form. With it goes a small amount of an inert gas called Freon. It's put in cold, at -40F, so it's in a liquid state. Once these liquids are inside, the container is sealed and it's ready to go.

When the valve is opened, the Freon (which has warmed up and is therefore under considerable pressure) forces its way out of the container, taking the insecticide with it. When this mixture hits the air, it disperses into a fine mist. Bridgeport Brass officials say that this type of spraying provides the most effective form of dispersion that they have yet found.

In the first dispensers which the company made for the armed services the containers were put under greater pressure than in most later models. Bridgeport Brass soon found that life would be simpler in the consumer world if it developed a low-pressure dispenser for the smaller-sized units. Reason: Stringent U.S. shipping regulations prohibit shipments of products held at high pressures.

Use of lower pressure also makes the relatively expensive deep-drawing process unnecessary. So cans are used instead of tubes for the smaller low-pressure containers. Brown Cork & Seal Co. makes the cans now, but eventually Bridgeport Brass expects to make its own low-pressure containers.

• **Sales Problem**—Getting its first aerosol-dispensed products on the market was an unfamiliar operation for Bridgeport Brass. Salesmen were more used to selling brass tubing to industrial concerns than to marketing consumer goods. But the company's industrial products were pretty well selling themselves at the war's end; so the salesmen found themselves calling on department stores and other retail outlets.

The insecticide was an instant success—partly because returning G.I.'s provided a market already familiar with the dispenser's ability. So Bridgeport Brass began to develop two things: (1) other aerosol-dispensed products; and (2) a separate sales force for the consumer line, headed by an ex-Lever Bros. executive.

• **Razzle-Dazzle**—Today the company's marketing system has a liberal touch of science and razzle-dazzle. Good-Aire, for instance, wasn't sold generally until a nine-month market test had been conducted in four New York and Pennsylvania towns. Once it had proved that the product would sell, Bridgeport Brass began to expand its distribution. Now it expects to cover the U.S. with Good-Aire by early spring.

Bridgeport has more up its sleeve

than its room-deodorant spray and its pressurized plastic coating. One new idea is an aerosol-type paint sprayer—pressurized paint in dispensing cans. Another is a dispenser for spraying wax on automobiles or home floors. A third idea is a fancy pressurized perfume dispenser.

Bridgeport Brass will take its time getting these products on the market. It wants to make sure that the insecticide, the room deodorant, and the plastic spray are all humming along nicely before it springs its new babies on the public.

Lever's Challenge

Its Pepsodent Division puts Rayve on the market, hopes to capture some of Toni's home-permanent volume.

Big guns in the battle of the hair waves opened up last week.


Lever Bros. Co.'s Pepsodent Division put its new home-permanent Rayve Wave on the national market—in 60,000 drug, department, and variety stores. Lever's goal: to capture a hefty chunk of the home-permanent volume from Toni Co., owned by Gillette Safety Razor (BW-Jan.10'48,p44). Lever is taking on the champ; Toni claims 85%-90% of the fast-growing business.

• **The Weapons**—Marketing men will be keeping a close watch on this battle, because the weapons will be the most modern advertising and merchandising techniques—plus plenty of cash. Rayve is starting out with a 1949 advertising fund of \$3-million to \$34-million. Toni's ad budget for the year is \$74-million.

The stakes are high: The home-permanent market for 1948 ran to about \$37-million at retail. The dominant Toni Co. sold 30-million kits last year (vs. 100,000 in 1944). Pepsodent's president, Henry F. Woulfe, thinks the industry's total volume will get up to \$57-million a year at retail.


• **Lever Plans**—Lever got into the field last spring by buying the formula, patents, and copyrights for Hedy Wave Home Permanents from William R. Warner Co. (BW-May15'48,p44). It took Hedy off the market, then researched, repackaged, and renamed the product. Rayve Wave is the result. The initial kit retails at \$2; refills sell for \$1.

In reworking its product, Lever has: (1) included an easy-to-read instruction booklet; (2) added new plastic "easy wind" curlers; (3) closed the lotion bottle with a tamper-proof seal. But the Rayve promotion is bearing down hardest on a "Dial-a-Wave" chart: A user sets a dial according to texture and con-

A black and white photograph of a woman with dark, wavy hair, smiling as she operates a large, complex mechanical accounting machine. Her hands are positioned on the machine's keyboard and form bar. The machine has numerous numbered keys and a complex internal mechanism with gears and levers.

"Saves hours of time...
changes jobs in seconds!"

SEE HOW MUCH NATIONAL MECHANIZED ACCOUNTING CAN SAVE YOU!

A simple metal paperclip is shown on the left side of the text block.

Concerns of every size and type report savings up to 30%—often more! Savings are frequently enough to pay for the entire installation in the first year. National's time-and-money-saving features make this possible.

The removable form bar shown above, which quickly adapts this National Accounting Machine to various jobs, is but one of five outstanding features—and *only National has them all.*

In the office, as in the factory, mechanization cuts overtime, reduces costs. Ask your National representative to study your present accounting set-up and report the savings you may reasonably expect from a modern National system.

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

National

ACCOUNTING MACHINES
CASH REGISTERS • ADDING MACHINES

VESSEL DIVISION

NEWS



A.O. SMITH
Corporation

New York 17 • Philadelphia 5 • Pittsburgh 19 • Atlanta 3 • Chicago 4
Tulsa 3 • Houston 2 • Seattle 1 • Los Angeles 14
International Division: Milwaukee 1



NEW BULLETINS: Write the nearest A. O. Smith office listed above for these new Bulletins: V-44—Field Assembly of Pressure Vessels; V-46—SMITHway Vessels, Alloy, Alloy-Lined, Clad, and Glass-Lined.

BY WATER AND RAIL, A. O. Smith ships pressure vessels for the petroleum, paper, and process industries. The SMITH-lined Fractionating Tower above, one of the largest shop-

fabricated vessels ever built (16 ft. diameter by 116 ft. long, weighing over 320,000 lbs.), is going by barge to an oil refinery in the Chicago area.

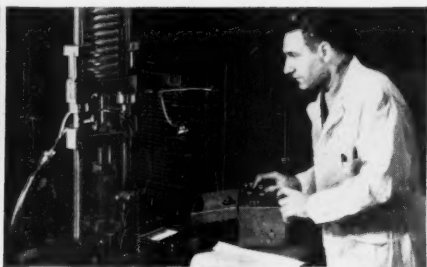


SOME 60 SMITHway PRESSURE VESSELS for both low and high temperature service have been ordered during the last four years by one company to equip two new plants.

This SMITHway Tower, three railroad cars long, 116 ft. by 7 ft., weighing 137,000 lbs., is one of the types of vessels furnished.



THIS MAN KNOWS HIS CURVES: For 23 years, Frank Hilke has been shaping, to exact diameters, the shell courses of SMITHway Pressure Vessels. He uses a variety of rolls which can produce any diameter needed for pressure vessels.



RECORDING CONTACT RESISTANCE AS LOW AS 1/1,000,000 OHM. Knowing the amount of surface or contact resistance is an important factor in maintaining the consistent quality of the resistance spot welding used in SMITHlining pressure vessels. This resistance, which varies with each type and thickness of alloy lining used, and which can affect heat input and strength of the weld, is measured in this special SMITH-designed and SMITH-built machine.

dition of her hair, and the kind of wave she wants (tight, medium, loose); then she reads her "Rayve number," telling her how to time wave. Lever sums up the result in a slogan, "No More Guesswork in Home Permanents."

• **Toni's Tactics**—i he time it took Lever to get Rayve on the market gave Toni many months to map its counteroffensive. It stepped up its advertising outlay progressively during 1948 (from a first-of-the-year budget of \$6-million). In November and December it brought out higher-priced refills and initial kits that include a cream rinse or hair conditioner. Toni sells a regular refill for \$1, and regular initial kits for \$1.25 (fiber curlers) or \$2 (plastic curlers). Toni officials hint they may bring out several new products, too.

In ad strategy, Toni is putting more emphasis this year on magazines, newspapers, and point-of-sale displays—less on radio. It will put on big personal-appearance tour for its model twins, and contest promotions to tie in with the catchy "Which twin has the Toni?" campaign.

• **Loser**—No matter who wins the Rayve-Toni battle, the crossfire is sure to be tough on beauty shops—and on the many businesses that supply them. Toni itself has dealt them a hard blow. Another big-leaguer makes things worse.



Retailing Award for 1948 Goes to Educator

Dean Donald K. David (center), of Harvard University Graduate School of Business Administration, last week in New York received the Tobe Award for "distinguished contribution to American retailing." Presentation was made by Mrs. Beatrice Fox Auerbach, owner of Hartford's G. Fox & Co. and recipient of the 1947 award. She was

Change of Color

Space & Time, admen's newsletter founded in 1937, is sold to ex-CBS Executive Robert J. Landry.

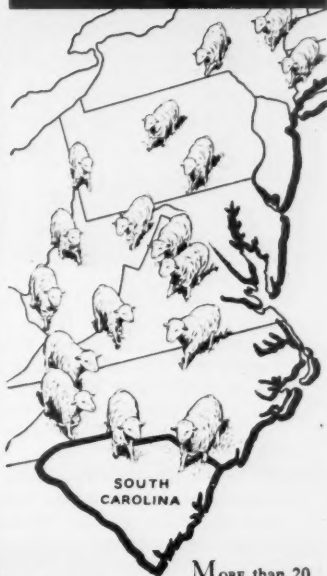
As "The Hucksters" proved, the advertising world can be turned into a peach for juice. But long before Wake-man, another writer named Dave Munro already had found that out. His medium: a little newsletter called Space & Time.

• **Start**—Munro was just about as colorful as his product. He had been an advertising trade journalist. For a time he was on the managerial end of an English-language paper in the Balearic Islands. In the mid-thirties he came back to New York, for a while thought of starting a trade journal in the magazine field. When that didn't pan out, he launched Space & Time. Its first issue was May 10, 1937.

Munro's 21 initial subscribers got an eye-ful of hot news, rumor, eulogy, blinding denunciation. Circulation grew to 800 at \$10 a year, and early in 1939 Munro began branching out. The Media Letter (\$15) was the first addi-

**FOLLOW
THE LEADERS**

South!



More than 20 years ago, the Southeast became the leading cotton manufacturing section in the nation.

Today, woolen and worsted leaders are tracing the same pattern.

New equipment, designed to effect savings in producing quality goods along similar lines to those used in cotton manufacturing, is one of the big reasons.

But there are other advantages—mild climate, ideal sites, uncrowded housing, excellent transportation, plus people who take pride in their jobs and who are eager to work. These people, more than 99% native-born, are skilled in trades the woolen and worsted industry can use.

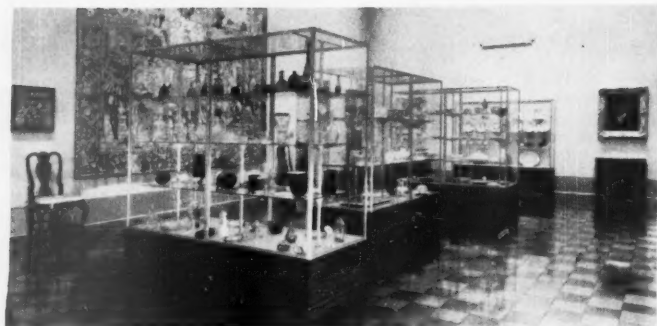
South Carolina, in the very heart of the cotton textile area—57.5% of the nation's cotton looms and 63.1% of the nation's spinning activity are within a 200-mile radius of Clinton—offers every requirement for development and expansion of woolens and worsteds and for the manufacture of blended fabrics.

For specified information, write today: L. W. Bishop, Director of Research, Planning and Development Board, Dept. 72, Columbia, S. C.

South Carolina

WHERE RESOURCES AND MARKETS MEET

In a Class by Themselves MICHAELS "Time-Tight" Cases



Michaels exhibit cases are top quality in every respect. They are designed for beauty as well as utility, and incorporate many worth-while features. They are theftproof, dustproof, and available in a wide range of styles and sizes to meet most requirements. Michaels also manufactures special cases in any quantity for concerns who supply their dealers with display cases. Write for complete details.

MUSEUM CASE DIVISION OF

Representatives Wanted

The MICHAELS ART BRONZE CO., Inc., 232 Scott St., Covington, Ky.

Manufacturers since 1870 of many products in Bronze, Aluminum and other Metals

M. & ST. L.

Modern & Streamlined FREIGHT SERVICE



For 77 years, M. & St. L. has been the nickname of the Minneapolis & St. Louis Railway, an important road which networks rich agricultural and industrial areas of the Great Midwest.

Today, M. & St. L. symbolizes also the Modern and Stream-Lined transportation which that railroad provides in Minnesota, South Dakota, Iowa and Illinois—

For Agriculture and Industry
For Shippers and Receivers of Freight
For Connecting Lines, via Major Traffic Gateways

With fleets of Diesel locomotives, newest of which is the No. 348 in the picture, and of new freight cars, the M. & St. L. is truly a road of Modern and Stream-Lined Service.

The Minneapolis & St. Louis Railway
TRAFFIC OFFICES IN 36 KEY CITIES

tion. Then came a Washington Letter, Liquor Letter, Oil Memo. But by this time, Munro found that something else had been added, too—a couple of libel suits.

• **Libel Suits**—For statements made about the Bristol-Myers Co., Munro found himself defendant in an action filed by Lee Bristol, Henry Bristol, and lawyer I. W. Digges (among whose clients are the powerful Assn. of National Advertisers). The suit dragged on bitterly for a couple of years. At one point Digges had Munro arrested; Munro didn't put up bail, spent a week in jail. The suit wound up with: (1) a judgment against Munro; (2) an appeal; and (3) settlement out of court.

Another suit (for criminal libel) ended more happily for Munro. A jury acquitted him.

• **Downhill**—Meanwhile, Munro had combined all his dopesheets (except the Media Letter) into one package under the Space & Time title. In 1943, the Media Letter was discontinued. And in 1945, when Munro joined the Office of Price Administration, the sheet got a new owner: Mrs. Mary Munro. But its path now was downhill.

Last week the first issue appeared under yet another new owner and editor: Robert J. Landry who, color for color, is a good match for Munro.

• **New Owner**—Landry was born in a Connecticut theater. His mother and sister were in vaudeville, though Landry himself did little stage work. Eventually he joined the staff of Variety, the at-ritical trade paper. In 1933 he became its first radio editor. Variety's high, wide, and handsome editorial formula was cut to order for him. But in a position where he could have created fear instead of respect for himself, he won the latter.

In 1942, Landry moved over to the Columbia Broadcasting System to head its program-writing division. Early last year he left, whereupon his alma mater, Variety, commented: "Rumors were rife in New York's radio row that Landry would exit CBS because of disagreements on policy..." Since his departure Landry has done some free-lance writing and has been working on some plays.

• **Landry's Laundry**—The first issue of Space & Time under the Landry regime had Variety's slambang language, and like Variety—which has remarkably few libel suits (one reason is that it never prints personal, keyhole dope)—Landry seems destined not even to get close to a court. He describes his formula as "a bridge between facts you might be too busy or too detached to know about, and which influence your money-making, money-saving, or prestige-securing strategy, and an independent, confidential source of news, tips, slants, interpretations." Price: \$25.

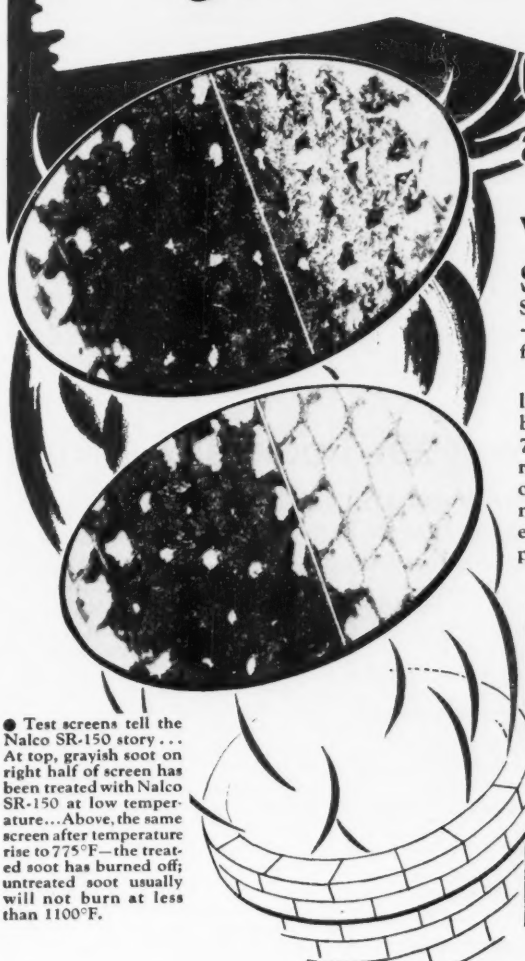
Eliminate Smoke

CHEMICALLY • SIMPLY at Remarkably Low Cost!

with the New *Nalco* SR-150

SOOT makes smoke nuisances . . . And Nalco SR-150—the new Soot Remover that *Removes Soot*—is the ideal answer for smoke elimination during firing-up and all routine boiler operation.

SR-150 works wonders inside boiler furnaces by lowering the ignition temperature of soot so that it burns at normal flue-gas temperatures (about 775°F). Feeding Nalco Soot Removers is simple and requires no complex mechanisms, either in coal or oil-fired boilers . . . In modern plants, the cost is negligible for complete soot removal and smoke elimination protection. Full details from Nalco, promptly upon request.



● Test screens tell the Nalco SR-150 story . . . At top, grayish soot on right half of screen has been treated with Nalco SR-150 at low temperature. . . Above, the same screen after temperature rise to 775°F—the treated soot has burned off; untreated soot usually will not burn at less than 1100°F.

DEVELOPMENT REPORT AVAILABLE

Nalco SR-150 is the result of years of research, development and thorough plant tests by Nalco scientists and an independent research organization. Abstracts from progress reports on this work have been combined with historical data to give the true facts on chemical soot removal. Your copy sent without obligation upon request to Nalco.

NATIONAL ALUMINATE CORPORATION

6208 W. 66th Place

Chicago 38, Illinois

Canadian inquiries should be addressed to Alchem, Limited
Burlington, Ontario

A
Nalco

PRODUCT . . . Serving Industry through Practical Applied Science

How Many 'TOMORROWS'

does your **KEY MAN**
have left?

- Now—more than ever before—heads of closely-held corporations realize how important key executives are to the success of their business. That's why they're using The Mutual Benefit's Special Business Insurance Plan to protect their company—through indemnity—against the crippling effects that would result from the sudden death of these key men.
- This unusual plan is more than just life insurance. It provides a liquid reserve that strengthens your business... enables you to meet emergencies... to take advantage of special opportunities.
- These are but two of the advantages of this Plan. For full details, write for booklet, "Protecting Your Surest Source of Profits." No obligation, of course.

Business Insurance Service

**THE MUTUAL BENEFIT
LIFE INSURANCE COMPANY**

Organized in 1845  Newark, New Jersey



THE BEST DEFENSE IS A *Realock* FENCE

The difficult-to-climb diagonal mesh—the tamper-proof fittings—and the barbed wire topping of a Realock® Fence combine to assure maximum protection against trespassing, theft, arson and other costly hazards.

FREE ESTIMATES:—Without obligation we will submit estimates for fence material ready for erection or covering complete installation. For catalog and full details write to our nearest office.

*Trade-name of The Colorado Fuel and Iron Corp. and subsidiaries.



WICKWIRE SPENCER STEEL DIVISION
THE COLORADO FUEL AND IRON CORP.
CONTINENTAL OIL BUILDING, DENVER 3, COLORADO
THE CALIFORNIA WIRE CLOTH CORP.
1450-15TH AVENUE, OAKLAND 4, CALIFORNIA
BRANCHES & DISTRIBUTORS IN ALL OTHER TERRITORIES

FINANCE

Billion-Dollar Banks—How They Rank

	Postwar		Deposits (in Millions)		Prewar	
	Dec. 31, 1948	Rank	Dec. 31, 1945	Rank	Dec. 31, 1939	Rank
Bank of America (San Francisco)...	\$5,640	1	\$5,339	2	\$1,483	4
National City Bank (New York)...	4,643	2	5,143	3	2,331	2
Chase National (New York).....	4,237	3	5,742	1	2,804	1
Guaranty Trust (New York).....	2,330	4	3,309	4	2,088	3
Manufacturers Trust (New York)...	2,223	5	2,556	5	763	10
Continental-Illinois (Chicago)....	2,160	6	2,647	6	1,324	5
First National (Chicago).....	2,079	7	2,348	7	1,053	8
Security-First (Los Angeles).....	1,620	8	1,654	11	580	15
Chemical Bank (New York).....	1,435	9	*1,747	10	*804	9
Central Hanover (New York).....	1,401	10	1,843	8	1,107	7
First National (Boston).....	1,371	11	1,578	12	739	11
Bankers Trust (New York).....	1,325	12	1,750	9	1,125	6
Nat'l Bank of Detroit.....	1,208	13	1,250	15	462	16
Mellon National (Pittsburgh)....	1,202	14	**1,055	16	**639	13
Bank of Manhattan (New York)...	1,181	15	1,290	14	610	14
Irving Trust (New York).....	1,113	16	1,303	13	695	12
Cleveland Trust (Cleveland).....	1,045	17	1,053	17	368	17

* Includes deposits of Continental Bank & Trust Co. before 1948 absorption.

** Includes deposits of Union Trust Co. before 1946 merger.

A New Year Look at Banking

Deposits dipped in 1948; so did earning assets. But earnings rose, a little, thanks mostly to brisk loan business. Forecasters, with an eye on the administration, expect drop in 1949 operating net.

Take a nutshell view of the 1948 commercial banking picture and here's the meat of it:

DEPOSITS: Slightly less as 1948 closed than when the year started.

EARNING ASSETS: Considerably deflated.

GOVERNMENT BOND HOLDINGS: Off sharply, and more concentrated in the shorter-term maturities.

COMMERCIAL LOANS: Substantially higher.

LOAN RATES: Well above 1947 levels.

OPERATING COSTS: Up only moderately.

EARNINGS: Generally a bit better than the year before.

These highspots have been culled from two sources: (1) comments of bank officers who have been talking to stockholders in the last few weeks at annual meetings, and (2) the seasonal flood of 1948 operating reports.

• **Cloudy**—It's not nearly so easy to define management opinion on the prospects of the new year.

Not many officials are viewing with great alarm the banking trends they see ahead. But they are finding it hard, when the nation is inching over to a

managed-economy basis, to make brass-tacks predictions about the outlook. As New York Trust Co. president John E. Bierwirth frankly told his stockholders last week: How can you be specific when you don't know "the rules by which we will play this year?"

But here's what backward look shows:

• **Deposits**—It's estimated that commercial bank deposits the nation over dropped about 2% last year. That looks like a pretty good guess, judging from the 1948 deposit performance of the country's 25 largest institutions.

Only nine of the Big 25 could brag that deposits at 1948's end were higher than a year ago. In two cases, bigger deposits reflected merger results, not natural growth. Deposits of the group as a whole were off 1.7%.

There was one notable exception: San Francisco's Bank of America, long the world's largest nongovernmental bank. A. P. Giannini's West Coast colossus made headway against the national current. It added \$172-million to deposits last year. That pushed its total to well over \$5.6-billion, a brand-new peak.

This gives it a \$1-billion lead over New York's National City Bank, run-

nerup for the championship. And it makes Bankamerica one of the two members of the banking trade's exclusive "billion-dollar club" (table, page 94) with bigger deposits than those of 1945, war-peak year in banking circles. The other member is Mellon National Bank of Pittsburgh (which has been in many mergers).

• **Earning Assets**—On earning assets, Bankamerica went along with the crowd. These took a trimming last year. Reserve requirements were lifted on demand deposits three times, on time deposits once. And sporadic retirements of Federal Reserve-held Treasury debt required the withdrawal of substantial funds from the banking system.

Net result was a 1948 drop of some \$2.5-billion in earning assets of Reserve member banks in 94 leading cities. New York banks alone took an earning-assets cut of around \$1.6-billion. For the entire banking system, it is estimated that earning assets may have shrunk \$3-billion.

• **Government Bonds**—The banks' overall government-bond portfolio slimmed down in 1948 by around \$4.2-billion. For New York's 15 largest banks, these investments were off \$2.3-billion, or over 20%. Here's one reason: To handle the new reserve requirements and to get funds to meet Treasury-deposit withdrawals, a lot of banks had to sell a substantial amount of their government bond holdings.

Also last year's demand for commercial loans spurred many banks to switch out of Treasuries into these higher-yielding investments.

• **Loans and Discounts**—Loans and discounts were up last year—but they weren't racing ahead at 1947's sensational pace. In dollars, their increase in the last half of 1948 was probably only half as large as in July-December of 1947; in the last quarter, the increase was only about 25% as large as in the corresponding 1947 quarter.

Just the same, the loan departments were bustling last year. When 1948 ended, loan portfolios were bulging as never before. Nation-wide, loans and discounts represented a larger share of bank assets at the year end than they have in many a day.

Bankamerica reported: (1) It put through over 1.4-million loans involving advances of more than \$4-billion in 1948; (2) loans on Dec. 31 totaled \$2.8-billion, up \$314-million from 1947; (3) loans were equal to 46% of assets at the end of 1948 vs. 43% the year before.

Loans and discounts of Manhattan's 15 largest banks, combined, rose \$884-million, or 12.5%, in 1948. They added up to a new high of almost \$8-billion at the year end—equal to 30.9% of all resources, compared with 26.3% a year earlier. In fact, loans and discounts loomed almost as large as government bond holdings; in the same period the

This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of these securities. The offering is made only by the Prospectus.

NEW ISSUES

Affiliated Gas Equipment, Inc.

40,000 Shares

\$3.00 Cumulative Preferred Stock

(\$50 Par Value)

With Non-Detachable Common Stock Purchase Warrants

Price \$50.00 per Share

1,000,000 Shares

Common Stock

(\$1 Par Value)

Price \$9.25 per Share

Copies of the Prospectus may be obtained in any State only from such of the several Underwriters, named in the Prospectus and others as may lawfully offer these securities in such State.

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January 13, 1949

These Notes have been placed privately. They are not offered for sale and this announcement appears as a matter of record only.

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4% Fifteen-Year Sinking Fund Notes

due February 1, 1964

Reynolds & Co.

January 13, 1949

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ratio of such bond holdings slid off from 41.6% in 1947 to 34.5% of total resources.

• **Portfolio Shift**—The shift in the makeup of investments stands out graphically in last year's earning statements. Most of them show sharp gains in the "interest on loans" item, sharp drops in income from government-bond holdings. In many cases loan interest, for the first time in years, yielded a greater portion of gross earnings than income from security portfolios.

Take Manhattan's Chase National, for instance. In 1948 its loan-interest receipts provided 47% of all income, security holdings only 36%. This just about reversed their showing of the year before.

• **Gross Earnings Up**—Thanks to the upping last year of the Treasury's short-term interest rates and the moderate 1948 uptrend of the going rate for commercial loans, gross earnings of most banks comfortably topped 1947 levels. Operating costs, it's true, were also higher last year. But they climbed a lot more slowly than in the earlier postwar years. Payroll rises, particularly, slowed down; lately they have been the most important item of bank expense.

So 1948 bank profits as a whole probably outstripped profits of 1947.

• **Net Profits**—You might think all this spelled a bonanza for commercial banks in 1948. Actually, it didn't.

Net profits of many individual banks fell short of the 1947 score. That was because losses from security sales, and other nonoperating charges, had to be

assessed against earnings. Big city banks, especially, felt this pinch. In New York, the 1948 net-profit line showed quite a few kinks.

• **Low Visibility**—As to forecasts of 1949 profits, Manhattan's National City Bank puts it this way: We "face . . . a period of low visibility."

But bank management and Wall Street's bank-stock experts are willing to rough in the pattern for 1949 commercial banking. Generally speaking, they look for a drop in net operating earnings of 5% to 10% for the full year. Some such drop will show up, they think, in the big cities as well as in the smaller banking centers.

First-quarter profits, however, may top those of January-March, 1948. That's because banks are only now feeling the full impact of last year's moderate uptrend in interest rates on loans. Chase National, for example, says the average rate it got on loans was around 2.32% in the last quarter of 1948, compared with 2.19% in the full year. With loan portfolios bulging as they are today, that difference should swell earnings—for a while, at least.

Beyond then, time—and Truman—will tell. A good deal will depend on how skillfully the Administration manipulates the credit controls it already has.

• **Optimism Low**—Holders of New York City bank stocks don't seem very hopeful. The Standard & Poor's price index based on the market performance of these shares was recently close to the lowest figure in five years.



Midget Trains Do Major Job on Basic Finance

Toy electric trains and a model village went to work in the Federal Reserve Bank of Boston to give passersby an easy lesson in finance. Its object was to show how money circulates through regular channels of the economy.

Trains carrying miniature money bags (representing loans and investments) leave buildings marked "banks," pass by exhibits along the way representing basic industry, retail trade, and consumers, then re-enter banks through doors marked "deposits."

Raze 80 acres of slums —and make 31,000 people happy!



ONE of the biggest single housing developments ever undertaken is now nearing completion in New York City's lower East Side. It is the result of joint cooperation between private enterprise, the State, and the City.

Four years ago, the 80 acres now occupied by Peter Cooper Village and the adjacent Stuyvesant Town were burdened with shabby, ugly tenements and factories, many vacant and dilapidated. The plan carried out by a leading life insurance company has transformed this blighted slum area into a dream-city within a city . . . modern, roomy living quarters for 31,000 people . . . lots of sun

and air . . . parks, trees, flowers, and peaceful contentment.

This is a good example of what can be done to attack the housing shortage—and an example of what is being done in many parts of the nation. Steel and cement are playing a vital part in most of these projects.

Meanwhile, demand for steel comes from many other quarters. Steel is going into badly needed railroad equipment, community improvements such as sewage disposal plants, waterworks, bridges and tunnels, into great new highways. Steel is needed, too, for national defense, for farm implements, for fencing, for

roofing sheets . . . and for products you use in your home.

Nothing else can do what steel can do. In the year just closed, United States Steel plants made more steel than ever before in peacetime history. And the 900 million dollar United States Steel improvement program currently going forward, is adding still more steel-making capacity to serve the nation.

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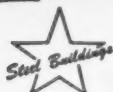
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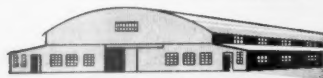
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Airline Profits?

Higher mail rates knock down whopping midyear deficit to \$2-million. Final 1948 tally may show industry profits.

Six months ago, it looked as if the airlines were going to have to write their history of 1948 with red ink. In the half year ended June 30, the nation's domestic and overseas carriers had piled up an operating deficit of \$11.2-million. That would be \$22.4-million on an annual basis, the second highest in the history of the industry.

• **Deficit Dwindling**—By last week, however, the red ink had all but disappeared. A preliminary survey of the record for all of 1948 showed that the airlines had cut their deficit to less than \$2-million.

And they may still show a profit. Before the industry closes its 1948 books, it may record earnings of as much as 7% on invested capital, in some cases.

• **Reasons**—Higher mail rates were the big factor. But there are other reasons for the brighter showing in the closing months of 1948:

(1) American-flag international and overseas carriers increased passenger-miles flown in 1948 4% over the year before.

(2) Fare increases on the domestic lines boosted 1948 revenues 7%—even though domestic revenue-passenger miles dropped 3.5% and the domestic load factor fell from 65.7% in 1947 to 58.3% in 1948.

(3) Freight ton-miles flown last year were just double those in 1947.

(4) Express ton-miles rose 18.4%.

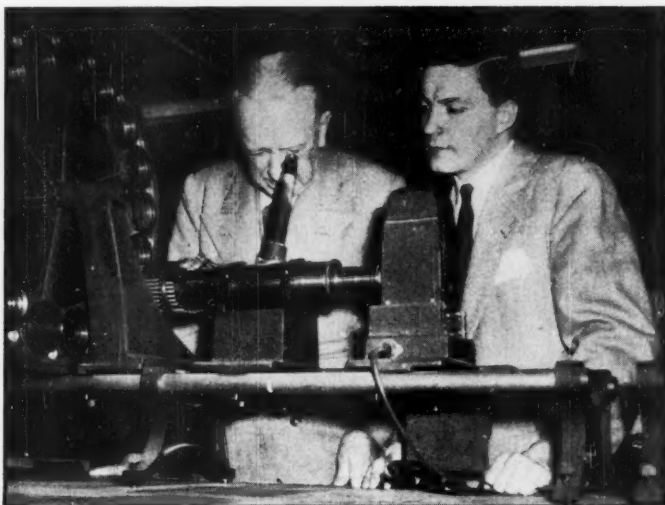
(5) Ton-miles of mail flown in 1948 rose 7.4-million to 55.8-million; even at 1947 rates, this would have boosted revenues some \$7.5-million.

• **Mail Grants**—During 1948, the Civil Aeronautics Board granted a series of mail pay-rate increases, ranging up to 300% to nearly all the domestic lines. With the new rates, carriers' total mail revenue soared to some \$100-million.

And CAB isn't yet through handing out its mail-pay boosts. In coming months, the board is expected to act on additional requests for increases by the "Big Four" domestic carriers—Eastern, United, American and TWA.

• **Beneficiaries**—But to the most efficient won't go the spoils.

Eastern probably won't get any more

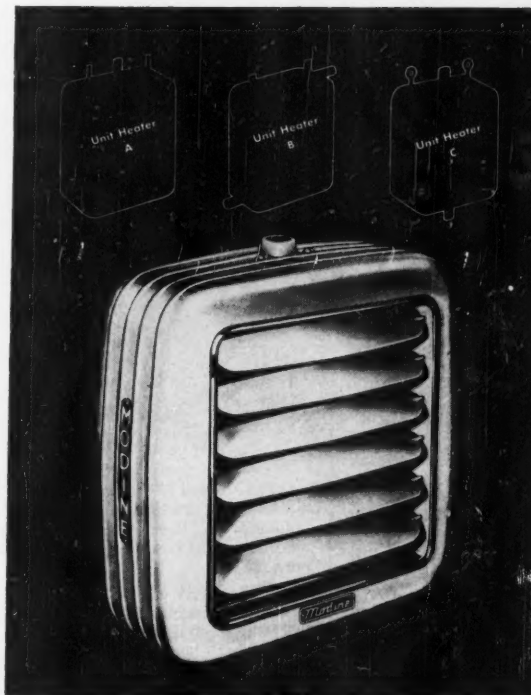


Young Hand at the Wheel at Bell & Howell

Bell & Howell Co., Chicago, 41-year-old camera maker for the carriage trade (its latest model is a \$700, 35-mm. still camera) came out with a new model in presidents last week. He is Charles Harting Percy (right)—an up-and-arrived young man of 29. Standing beside him here is Albert Howell, founder and chairman of the board, who is scanning camera lenses on a precision calibrating device. Percy is a protege of Joseph

H. McNabb, president of the company, who died two weeks ago at 61. Bell & Howell first hired Percy as a part-time student trainee while he was working his way through the University of Chicago. Percy was graduated in 1940; McNabb, who was impressed with his ability, gave him a permanent job. By the time Percy took time out to join the Navy during the war, he was a company director.

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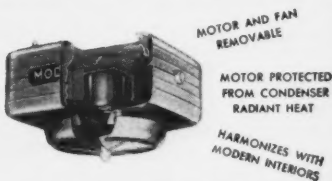
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The offer is made only by means of the Prospectus.

NEW ISSUE

January 10, 1949

400,000 Shares Koppers Company, Inc. Common Stock (\$10 Par Value)

Price \$31 per share

Copies of the Prospectus may be obtained from any of the several underwriters, including the undersigned, only in States in which such underwriters are qualified to act as dealers in securities and in which such Prospectus may legally be distributed.

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Stone & Webster Securities Corporation

White, Weld & Co.

Goldman, Sachs & Co.

Union Securities Corporation

Hemphill, Noyes & Co.

mail money. Eastern is the company that earned over \$1.2-million in 1947, some \$760,000 in January-September 1948; it has long been the most consistent profit producer among the certified domestic trunklines.

The other three—who jointly produced a \$14.8-million net deficit in 1947 and racked up another \$12.2-million of net losses through September last year—look forward to grants that may more than wipe out their full 1948 losses.

FINANCE BRIEFS

St. Regis Paper has boosted its stock interest in Beaunit Mills—the company that recently purchased control of the American Bemberg and North American rayon properties (BW—Dec. 18 '48, p28). St. Regis now holds about 20% of Beaunit's 949,000 shares outstanding.

Floyd D. Cerf & Co., the Chicago underwriter that handled Tucker Corp.'s only financing, has retired from business. Cerf's Illinois security-dealer license was apparently closed out at its own request about two months ago.

New York City's special excise taxes (BW—Jan. 15 '49, p80) are bringing in more money than ever before. From mid-1947 to mid-1948 they netted \$194-million (sales taxes accounted for \$129-million of it). Receipts for the past six months ran \$4.6-million ahead of the previous year.

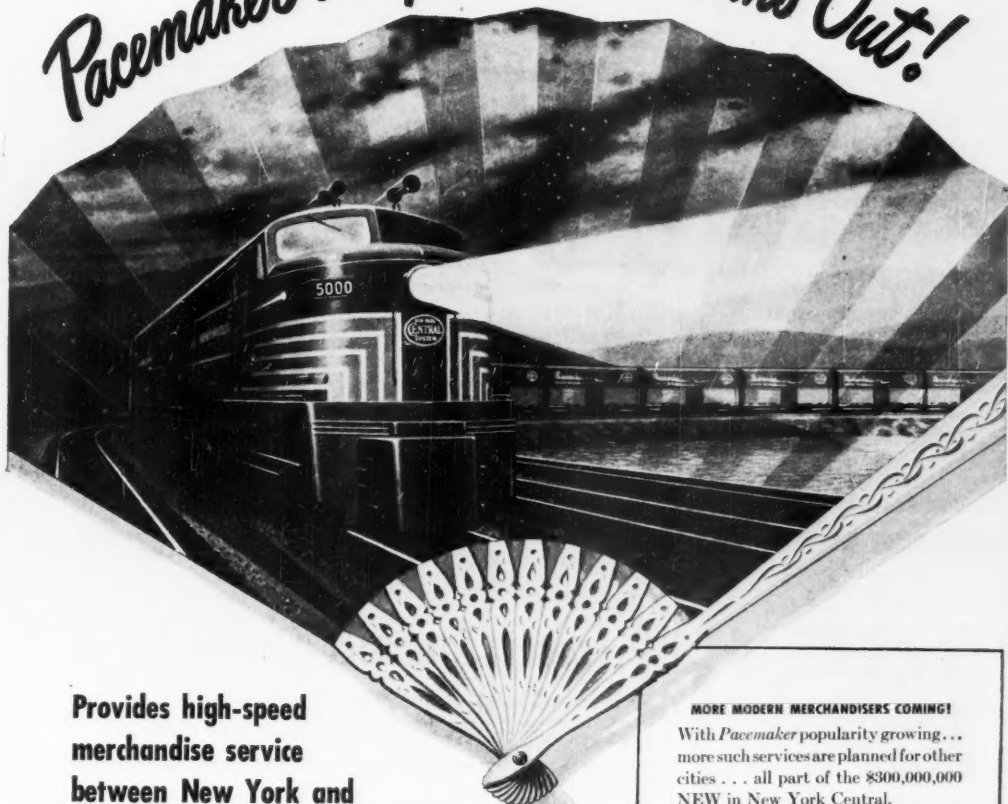
Class I rail earnings in 1948 hit an estimated \$700-million, 46% more than 1947. That's better than any peacetime year since 1929. Gross income rose 20% to more than \$1.3-billion.

Municipal Bonds (BW—Jan. 8 '49, p87) have hit a new 1948-49 low in terms of yield, a new high in price. Dow-Jones municipal yield average (which moves inversely to prices) closed last week at 2.09%, compared with 2.45% just before the elections.

Requests for RFC loans are mounting, presumably because banks have tightened up on credit. This sends companies with borderline credit ratings to RFC.

While Loew's gross increased \$24-million in the fiscal year ended Aug. 31, 1948, its net sagged to \$5.3-million. It was \$11.6-million the year before. And in the first 12 weeks of the new fiscal year, its net came to \$1,021,000, compared with \$1,356,000 the year previous.

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Dieseliners and a smooth Water Level Route. It takes, as well, an alert, experienced freight service organization.

A helpful member of that organization, your nearest New York Central freight traffic representative, will gladly tell you how *Pacemaker* freight... with its co-ordinated pick-up and delivery trucks... can cut your distribution time and cost. Why not call him, today?

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in a 3-way benefit



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and thereby quickly
get back the cost of
the Chicago Watch-
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THE MARKETS

Commodities' Two-Way Stretch

	Year ago	1948-49		% Change in year
		High	Low	Now
Spot price index (28 commodities).....	351.2	353.7	287.1	287.1 -18%
Domestic index	392.9	395.6	300.0	300.0 -24
Farm index	422.1	426.0	304.3	304.3 -28
Corn (bu.)	\$2.78	\$2.80	\$1.35	\$1.44 -48
Cotton (lb.) .....	.352	.386	.307	.325 - 8
Hogs (cwt.)	28.125	31.20	20.875	21.125 -25
Steers (cwt.)	31.00	36.652	26.50	26.75 -14
Wheat (bu.)	3.065	3.065	2.064	2.24 -27
Food index	451.2	458.0	309.0	309.0 -32
Industrial index	286.2	288.3	267.2	279.2 - 2
Copper (lb.)	\$0.215	\$0.235	\$0.215	\$0.235 + 9
Hides (lb.) .....	.312	.325	.232	.290 - 7
Lead (lb.) .....	.15	.215	.15	.215 +43
Print cloth (yd.) .....	.265	.282	.154	.155 -42
Rubber (lb.) .....	.218	.25	.179	.192 -12
Steel scrap (ton.)	39.25	41.75	38.25	39.25 ..
Wool tops (lb.)	1.88	2.015	1.53	1.70 -10
Zinc (lb.) .....	.105	.175	.105	.175 +67
Wholesale price index	166.5	169.7	159.9	160.5 - 4
Farm	201.1	203.3	174.3	174.3 -13
Food	180.1	191.0	164.4	164.4 - 9
Other (mainly industrial)	148.9	153.7	146.9	152.9 + 3

Data: Bureau of Labor Statistics

Prices: Headed Down?

Industrial commodities, firm through 1948 (while farm and food prices dropped sharply), may be in for a decline in 1949. One thing to watch: the widening gap between spot and wholesale prices.

Business plans for 1949 should allow for the possibility of a general drop in commodity prices. You can't be sure that it is coming. But you certainly can't rule it out, either.

Prices in the primary markets already have come down a lot more than many businessmen realize. The Bureau of

Labor Statistics spot price index for 28 commodities now is 18% below a year ago (table). At that level it is lower than it has been at any time since the last OPA ceilings came off.

• **Two Trends**—During most of 1948 there were two different trends under way in the commodity markets (BW—Dec. 25 '48, p60). Farm and food prices were dropping. (And they would have dropped considerably farther if wheat, corn, and cotton hadn't been propped up by government support prices.) At the same time, most industrial commodities were rising—especially the metals.

But in the past few weeks there has been a subtle change in tone. Talk in Washington of a more ambitious support program has set off a modest rally in the farm-and-food groups. And, meanwhile, the most urgent demand has eased off in the industrial-commodity markets. The metals are still firm, but

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	152.0	153.4	150.0	144.3
Railroad	43.2	43.4	42.5	42.5
Utility ..	68.4	68.4	66.1	68.7
Bonds				
Industrial	96.1	95.3	94.9	96.7
Railroad	86.8	85.7	84.6	81.8
Utility ..	93.9	93.6	93.9	96.1

Data: Standard & Poor's Corp.

they aren't anywhere near so strong as they were only a couple of months ago.

• **Meat**—Theoretically, farm prices should stiffen up still more in the near future. We have passed the seasonal peak in hog slaughter. And under ordinary conditions the tighter meat supply would be reflected in higher prices.

But something fundamental seems to have happened to the demand for meat. Consumers just aren't buying at the same rate they were a year ago (BW—Jan. 8'49, p9). Consequently, you are asking for trouble if you try to guess which way meat prices will jump in the next few months.

• **Gap**—So far, the drop in spot prices hasn't been accompanied by anything like a proportionate cut in wholesale prices. And that's where one of the big dangers for businessmen lies. Sooner or

later that gap is likely to close with a snap. If you are on the wrong side of the market when that happens, you can get bitten.

Wholesale prices now are down only 4% from a year ago. The farm group is off only 13%, against a 28% drop in spot prices. Foods at wholesale have come down a scant 9%; in spot markets they are off 32%.

There always is a certain amount of slack in the relation between wholesale and spot markets. And you could expect the spreads to be widening these days, when processing and handling costs are going up. But differences as big as the ones that have shown up lately aren't likely to last forever. The problem for the businessman is to see that he isn't caught in the middle if wholesale prices come down to close up the gap.

New Issues: Results and Prospects

Despite high dollar volume, 1948 was a disappointing year for underwriters. It looks now as if 1949 may turn out better.

In point of volume, 1948's new-issues market was among the best that Wall Street has seen since 1929. Exact totals aren't available yet. But it's a good bet that new corporate capital flotations in 1948 about equaled 1947's \$6.3-billion total. And that amount was only 5% below 1946 which was the Street's busiest new-issues year since the roaring 20's.

• **Disappointing**—But figures are sometimes misleading. Actually, 1948 turned out to be one of Wall Street's most disappointing underwriting years. Here's why:

(1) At least 40% of 1948's flood of new issues—more than \$24-billion—failed to reach the public-offering stage. These securities were sold privately—mainly to life insurance companies (BW—Nov. 13'48, p91). So this big chunk of underwriting benefited only a few: Those houses lucky enough to be hired to "midwife" the deals.

(2) Competition for those issues that were available for public offering was very keen. Thus, the underwriting profits of the houses that "won" the bidding were small at best. And in many cases the bids were so low that the issues couldn't be sold at a profit; prices had to be adjusted downward below cost in order to dispose of the securities at all.

(3) New equity issues were few and far between. During the first 11 months they accounted for only 15% of the over-all total—despite a high demand for new money which, under ordinary circumstances, would have brought forth a flood of new stock offerings. That hurt, because underwriting commissions for handling new stock issues are almost

always higher than those on bonds.

• **What's Coming?**—Will the pattern repeat in 1949? Nobody in Wall Street is willing to go out on a limb with a definite prediction. Nevertheless, most underwriters today seem a bit more optimistic than they were before the election. Reasons: (1) a string of successful stock and bond offerings since November; (2) the price strength in bond and preferred-stock markets over the same period.

One very encouraging factor is the reception in the past two weeks of 1949's first important pieces of equity financing. Three issues were offered: 627,960 shares of new Bethlehem Steel Corp. common at \$32.50 this week; 400,000 shares of new Koppers Co. common at \$31 and 144,200 shares of Mississippi River Fuel Corp. common, formerly owned by Standard Oil Co. (N. J.) at \$30, both last week. All three issues turned out to be heavily oversubscribed, out-the-window offerings.

• **Hopes and Fears**—Wall Street hopes that these performances will encourage other companies in search of new money to try the same medium. Aside from the higher-commission angle, most underwriters have long felt that concentration of financing in debt obligations is an unhealthy trend.

But the Street has considerable misgivings as to the amount of stock financing that can be absorbed. As it sees the picture, a real shortage of risk capital has been developing (BW—Nov. 27'48, p88). And it doesn't believe a "normal" amount will be available for some time—until such things as high taxes and increasing institutionalization of savings are changed.

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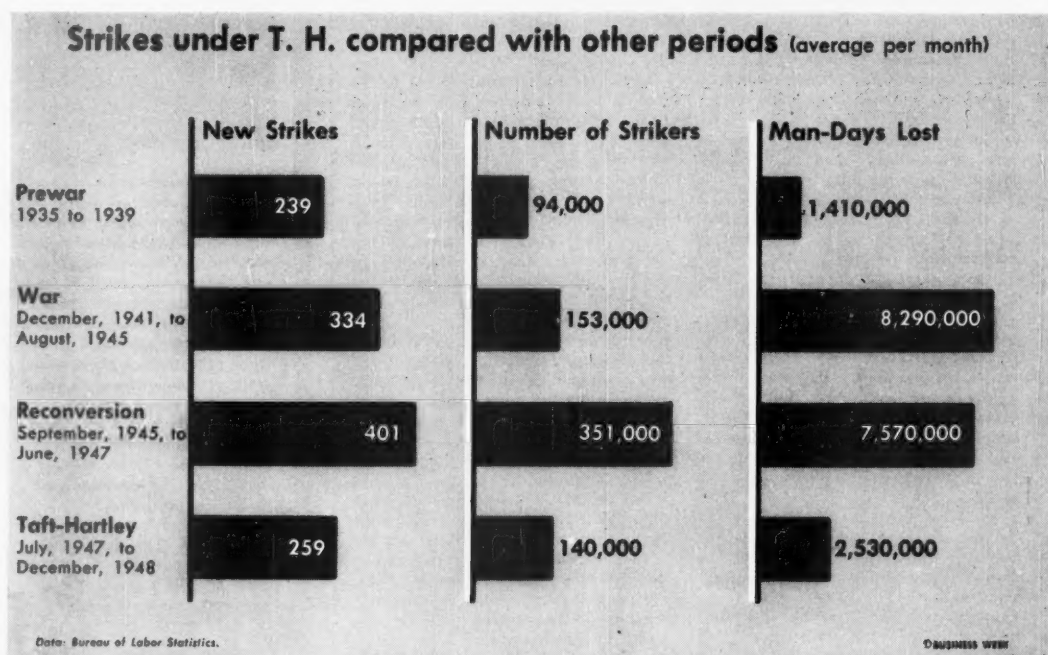
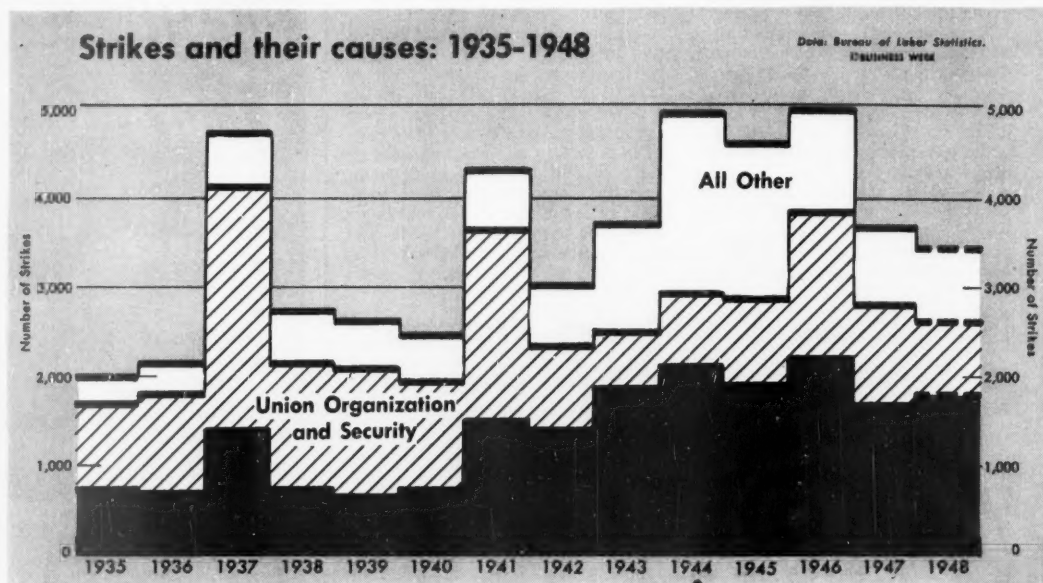


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14-Year Strike Trends: How They Affect 1948



9 49's Problems

Will influence debate on Taft-Hartley. Defenders and opponents find arguments to back their positions.

Now that the final 1948 strike tally is in, both opponents and defenders of the Taft-Hartley act can find ammunition in it.

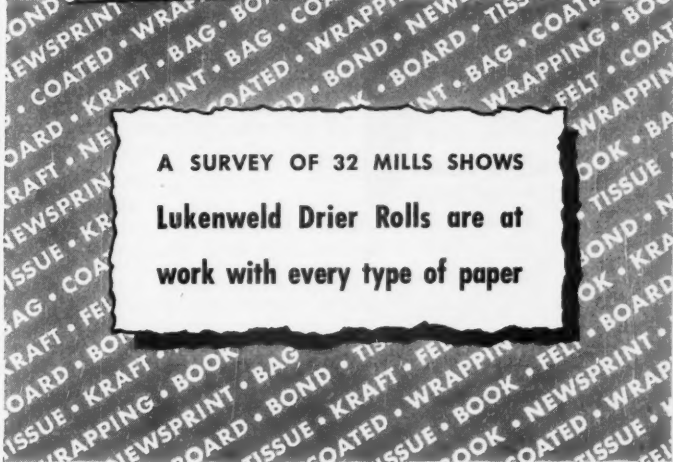
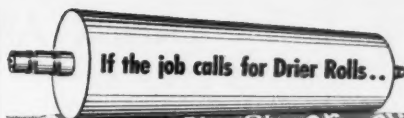
• **Pro-T-H**—Those who want to keep Taft-Hartley can feed their guns with a comparison of strike figures for the T-H month with the prewar, war, and conversion periods. They can make the irrefutable point that strikes have declined since the act was passed. They also have proof that strikes for closed and union shops and for organizational purposes—important causes of stoppages in the past—have declined appreciably.

• **Anti-T-H**—Opponents of T-H say you should eliminate the turbulent war and reconversion period from the study. If you do, the monthly averages for man-days of idleness make the year and a half of T-H look bad (bottom chart).

The Dept. of Labor hands the law's detractors another argument by concluding that the "impact of last year's labor-management difficulties upon the nation's economy was probably as great, or greater, than in 1947." It arrives at this by weighing the 10 large strikes of 1948 (involving 10,000 or more workers) against the 15 strikes of comparable size in 1947. It also asserts that applying the terms of the Taft-Hartley act in union-employer negotiations offered a new strike cause during the T-H period.

• **Inflationary?**—Up until now, the net effect of postwar work stoppages has been inflationary. The brake they put on production in the face of heavy demand increased the pressure on prices, and pushed costs up. That was a direct reversal of the standard economic consequences of strikes. Prewar, the chief economic importance of work stoppages had always been that they curtailed buying power.

• **Or Deflationary?**—In 1949, there are plenty of indications that economic relationships are returning to the traditional patterns. Some economists are fearful of a too rapid deflation. So a strike in 1949 may be more important in cutting down purchasing power than in hobbling production. In such circumstances, widespread stoppages in the fourth postwar wage round may hurry up a declining economic spiral.



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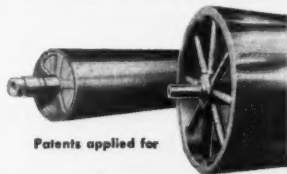
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THE LABOR ANGLE

PARLIAMENTARY TACTICS in the battle over a new federal labor law may be the main determinant of what kind of bill is enacted. No one interested in what is going to happen to the Taft-Hartley act should miss the significance of the legislative maneuvering which will precede the debate on the real issues.

The opposing positions are now clear. Organized labor wants the new law developed in two steps. Step No. 1 would be repeal of the Labor Management Relations Act of 1947. Because this statute—better known as the Taft-Hartley act—killed certain sections of the Wagner act and amended others, its repeal would leave the original Wagner act the law of the land.

Labor says that, after this is done, it is prepared to proceed with step No. 2. This would consist of modifying the Wagner act in certain respects—presumably to ban jurisdictional strikes, to outlaw certain secondary boycotts, and to establish machinery for handling national-emergency-strike threats.

This two-step approach has neither the opposition nor the support of the White House. President Truman has maintained neutrality on the question of parliamentary strategy. He will leave that—for the time being, anyway—to Congressional leaders. He doesn't much care how delivery is made on his campaign promise to knock out Taft-Hartley—just so it's made.

AAINST THE PROPOSALS of the two-step approach are those who want to save as much as possible of the Taft-Hartley act. Because they may be engaged in fighting a rear-guard action, they—under the leadership of

Sen. Taft—want all changes in the law handled as a single package. They reason as follows:

Labor is so anxious to get certain sections of the Taft-Hartley act repealed or rewritten fast that it may make a deal to let other sections stand. This is only possible if the T-H act is the law on the statute books. Similarly, Truman will hesitate to veto a bill which to his mind doesn't go far enough in amending the law, if his veto results in the T-H law remaining intact.

But if the Wagner act has in the meantime become law again, the unions have an incentive to delay amendments which will graft on to it some T-H provisions. There is a suspicion that labor will support those amendments only grudgingly anyway—just for public-relations reasons. And the President can veto amendments with impunity. In so doing, he builds up the pressure on Congress to give him exactly what he wants—because if Congress doesn't play Truman's way, it will be the old Wagner act which will be kept alive and not the Taft-Hartley law.

REASONING THUS, both Sen. Taft and his supporters on the one hand, and the labor bloc on the other, attribute the greatest importance to the parliamentary jockeying which will determine which law is being amended when debate really opens. Knowing no more than that about what the ultimate outcome of the debate will be, you can pretty well see this: If amending the Taft-Hartley act is the business before Congress, the new law is apt to be much closer to what most employers would favor than if it is the Wagner act which is being fought over.

BRICKLAYERS LOSE "BONUS"

The high cost of building hit Cleveland bricklayers in the pocketbook this week. With new construction tapering off, contractors announced that they will no longer pay over-scale rates to recruit hard-to-get crews of masons. In the future, only the straight hourly rates set by contract (\$2.37½ per hour) will be paid for labor.

Bonuses, premium rates, and such "fringe" arrangements as paid transportation time to and from jobs will be cut out. When labor was short,

over-scale "deals" with workers ranged all the way from \$5-a-day bonus pay to a guarantee of \$100 a week, regardless of idle time due to weather.

The employers' Mason Contractors Assn. says its decision to stick to contract rates is aimed at lower masonry costs—and more business. Contractors blame "chaotic" over-scale labor costs on the refusal of masons to work for established rates. Union leaders have another story: They say contractors pushed wage costs up by bidding against each other for bricklayers. Actually, there's some truth in both arguments.



NO UNION MAN himself, Rep. John Lesinski is the unions' big hope in the House as a . . .

Labor-Law Drafter

Businessman and employer, Lesinski will be influenced more by what administration wants than what unions urge.

Rep. John Lesinski has been a member of Congress since 1932. But during most of those 16 years his name has been little known outside his state and congressional district. Today, Lesinski's name is known to all who are following the new Congress's labor-law activities. And if and when there is a new law, Lesinski's name probably will be linked with that of Sen. Elbert Thomas or Sen. James E. Murray as co-author.

• **Union Friend**—Rep. Lesinski is the new chairman of the House Labor Committee. He has been associated with labor only as an employer or as a member of Congress—yet unions think of him as one of their firmest friends on Capitol Hill.

Lesinski logically could sit in business-group councils as a lumberyard owner, builder, and bank founder. But business groups don't claim the 64-year-old congressman: Some of them, at least, list the Michigan Democrat as an original New Dealer.

• **No Rubber Stamp**—Actually, this is not entirely accurate. For example, Lesinski admits being " beholden" to labor for his reelection in 1948. Yet he is unlikely to rubber-stamp any labor law proposals just because they come from union friends. His past record has not been one of unwavering or unquestioning support for labor.

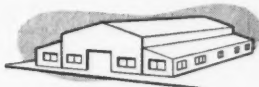
Lesinski's philosophy on labor is simple: He believes in a policy of high

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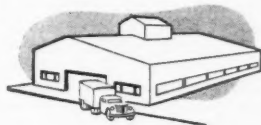
Or, perhaps you require a building with a lean-to on each side. Rigidsteel design is easily adapted. You still enjoy freedom from overhead trusses—have extra headroom with less cubage to heat. Maintenance is easy—all surfaces are accessible for painting.



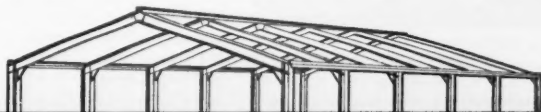
If your operation requires use of two or more aisles the Rigidsteel design applies readily. Roof supports for additional aisles are added to one column. This is a distinct advantage. It eliminates necessity of adding extra columns which waste space between aisles as when standard buildings are joined to form a double or triple aisle building.



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wages, fairness to the working man. As an employer, Lesinski took pride in being close to the men who worked for him. Before World War I, his men were not unionized, worked for about 25¢ an hour. Lesinski devised an incentive-pay plan that enabled his building crews to earn \$5 to \$7 a day.

• **Family Man**—Lesinski is active in the Knights of Columbus. He is quite a family man (seven children) and has the appearance of a prosperous businessman. He smokes cigars, always looks as if he has just had a shave. He has been described as wealthy—and probably is.

Born in Erie, Pa., in 1885, Lesinski moved to Detroit before he could walk. His father owned a hardware store and a flour mill and was prominent in Polish and Catholic groups in the Detroit area. The son, after a parochial-school education, struck out for himself. His first business venture, at the age of 18, was in the home-building field.

• **Businessman**—At 26, John Lesinski built a 4,000-home development—nucleus of the present city of Hamtramck. He organized the Hamtramck Lumber & Coal Co., a local bank, later the Dearborn Lumber & Supply Co. and the Detroit Fuel & Supply Co.

He still owns the Hamtramck and Dearborn firms, but his career as a successful businessman began to ebb when the "bust" came in 1929.

• **Politician**—Lesinski first ran for Congress, and got elected, in 1932. His reason: "My business had gone to hell." He originally planned to stay in Congress only until business picked up. Instead, he got the politics bug and has been there ever since.

Lesinski has never been conspicuous as a member of the House Labor Committee. During previous Democratic administrations, he was overshadowed by Rep. Mary Norton—the Democratic committee chairman. He got his chance for the chairman's job this session only because Mrs. Norton quit the committee last year. She refused to serve under Rep. John Hartley, the Republican chairman.

• **The Record**—Nevertheless, Lesinski has been highly active labor-wise. His record:

• He took up A.F.L.'s fight in 1934 to bring the Ford Motor Co. under an NRA code and to get it to bargain collectively with workers.

• He supported the National Labor Relations (Wagner) Act and the Fair Labor Standards (Wage-Hour) Act in Congress. (He also favored a 30-hour work-week throughout the '30's.)

• He split with A.F.L. in 1940 by opposing pro-raft union amendments to the Wagner act.

• He stirred left-wing unions against him in 1941 with outspoken and bitter opposition to spreading Communism. Lesinski has consistently sacrificed some

political support by refusing to compromise in his distaste for leftist blocks in C.I.O.'s United Auto Workers.

• He stirred other union criticism with a firm refusal to back any law which he believed would favor organized workers and react against unorganized groups.

• He fought against passage of T-H, and introduced a bill to repeal it shortly after it was passed.

• He sought, in 1948, to get the requirement of union-shop elections knocked out of the T-H law.

• **T-H Watchdog**—Lesinski has been a minority member of the so-called "watchdog committee" created to check on T-H performance. He strongly disagrees with the majority report that T-H has been notably successful.

He favors dropping T-H and enacting a new law based largely on provisions of the Wagner act. His timetable calls for introduction of a labor bill by the end of January, with hearings and passage in February. This is subject to changes, since Lesinski expects to work closely with the Senate Labor & Education Committee. He will be in especially close touch with Sen. James Murray, who probably will carry the labor-relation ball in the Senate.

• **U.A.W.'s Part**—Whatever he does, U.A.W. will put strong pressure on Lesinski. Walter Reuther's political actionists went to bat for Lesinski in the last Democratic primary. Opposing him was Stanley Novak, U.A.W. member, former Ford union organizer, and a Wallaceite. Lesinski credits right-wing U.A.W. aid for his victory.

U.A.W. also helped pile up a hefty victory vote for Lesinski in the November election. As a result, U.A.W. has made it obvious that it expects a payoff in the form of labor-law support.

U.A.W. and C.I.O. have already moved into strategic positions in Lesinski's committee. New council for the committee is former Rep. Frank E. Hook—who always has been close to U.A.W. The committee's new clerk is Joseph Koski, of Detroit, also on C.I.O.'s preferred list.

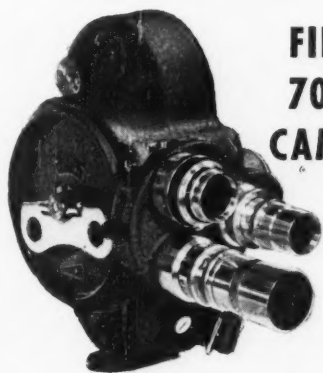
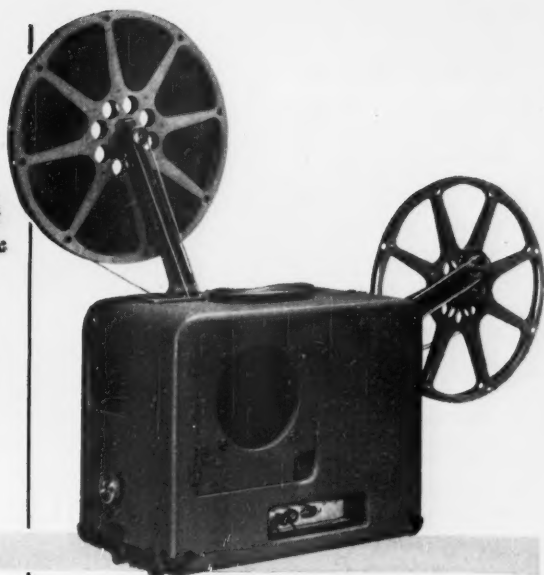
• **Administration Man**—However, Lesinski is generally considered more of an Administration man than a labor man. Most of all, he wants to do what the Administration prescribes.

The Pictures—Acme—83 (left), 91; Fabian Bachrach—122; Fred-eric Lewis—24 (right), 25 (right bot.); Griffith J. Davis—19 (left top); Harris & Ewing—83 (right); Ida Wyman—19 (right); Int. News—98; 110, 120; Reni Photos—22; The Worcester Evening Gazette—70; Wide World—20, 25 (left, right top), 107.

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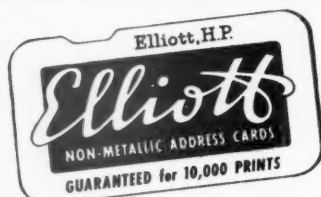
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C.I.O. "DIPLOMATS" David McDonald, Emil Mazey, L. S. Buckmaster lead move to . . .

Break Up World Union

C.I.O. and British and Dutch unions accept the inevitable, admit it's impossible to work with Communists, withdraw from World Federation of Trade Unions. Fight over ERP was last straw.

The "cold war" in the world labor movement is headed toward a showdown. This is the inevitable result of the clean break this week between anti-Communist and pro-Communist labor forces in Europe. It will have quick and important effects in all countries in the European Recovery Program.

• **Split in W.F.T.U.**—The first step toward the showdown came in the World Federation of Trade Unions. Representatives of C.I.O., including its "secretary of state," James B. Carey, announced in Paris that C.I.O. was withdrawing from the world labor body. So did spokesmen for the British Trades Union Congress and the Dutch Federation of Labor.

Their reasoning: Further participation in the Communist-dominated W.F.T.U. would be useless.

C.I.O. and T.U.C. were charter members of W.F.T.U., which was founded in 1945 to be "the spokesman and the friend of workers everywhere." Its original goal was to "support measures looking toward postwar rehabilitation and economic recovery." It was to do this along nonpolitical, trade-union lines. But, complain C.I.O. and T.U.C., it has failed completely in this; it has been transformed into a political body—with strong bias against democratic countries.

• **A Marshall Plan Fight**—Fundamentally, the fight over—and within—W.F.T.U. has been a part of the whole East-West controversy over the Mar-

shall Plan. Although cracks had begun to show in W.F.T.U. before the start of ERP, they weren't serious.

W.F.T.U. publications came out, in May, 1948, in flat opposition to ERP; they described it as "imperialistic" and a product of Wall Street. C.I.O. was on record in favor of ERP. Britain's T.U.C. and the Dutch Federation also were supporting it. All lodged a strong protest against the stand taken officially by W.F.T.U.

Pro-Communists had gained almost total control over the 70-million-member W.F.T.U. in its three controversial years. They could easily have vetoed the C.I.O.-T.U.C. protest. Instead, they withdrew statements opposing ERP, and agreed to give the outvoted right-wing unions the right to censor W.F.T.U. policy statements. They did this mainly because they needed the presence of C.I.O. and T.U.C. (representing about 13-million workers) to disguise the real, pro-Communist nature of W.F.T.U.

• **Only a Gesture**—The withdrawal of the anti-ERP statement didn't fool the men in the top diplomatic ranks of C.I.O. and T.U.C. They interpreted it correctly as no more than a strategic retreat by the leftists—rather than a surrender to demands for "a working program for W.F.T.U. which would serve the trade union interests of all of its members."

Whether officially or not, W.F.T.U.

continued to oppose ERP in every country. C.I.O. representatives, in Europe to back ERP, were constantly jarred by anti-ERP statements released by W.F.T.U.—statements which warned workers that “American members of W.F.T.U. oppose the recovery program.”

• **Showdown**—Finally, late last summer, T.U.C. urged that W.F.T.U. recess all activities for one year. At the end of that period—when presumably the East-West tension over ERP would be lessened—T.U.C. said further discussions should be held on whether W.F.T.U. would be revived.

C.I.O. also favored putting W.F.T.U. away in mothballs for at least a year. But the Communist and satellite unions, with support from French, Italian, and Chinese labor groups, refused to go along with any such proposal, even if refusal meant splitting W.F.T.U.

C.I.O., T.U.C., and followers among the democratic unions had either to get out or to accept another one-sided compromise. They chose withdrawal.

• **New World Group?**—W.F.T.U. will stay in business, with about 50-million claimed members. But it isn't expected to have the world labor field to itself for long.

C.I.O., T.U.C., A.F.L., other American unions, and Europe's “free trade unions” in Marshall Plan countries already are tied together loosely, as an advisory body on ERP. A meeting in Berne, Switzerland, later this month may take the first steps toward creating a new, democratic, world labor congress.

Moreover, A.F.L. has invited T.U.C. and the other European and Western Hemisphere unions—except C.I.O.—to meet in Miami either this month or next for the same purpose. A.F.L. was an important factor in the pre-W.F.T.U. International Federation of Trade Unions, which excluded Russian trade unions. I.F.T.U. argued they weren't really trade unions, but branches of the Communist government. A.F.L. refused to join W.F.T.U., after I.F.T.U. collapsed, because Russian unions were admitted to the new world body.

• **The Large Hook**—The broad aspects of the struggles between the East and West in the labor movement are plain: Just as W.F.T.U. has been an effective arm of Soviet foreign policy, Communist control of unions in France, Italy, and other Marshall Plan countries has been useful in keeping production below ERP goals.

European workers are on the front line in the “cold war.” How effective they are in behalf of ERP—or against it—may go a long way toward determining the success of America's foreign policy. And the attitude of Europe's workers may, in turn, be determined by the international diplomacy of American and British unions.



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HAVE YOU SEEN
The National Real Estate
Section of BUSINESS WEEK



WEST COAST TEAMSTER Dave Beck turns eastward, will lead . . .

A.F.L. Organizing In Eastern Stores

Dave Beck, kingpin of the A.F.L. Teamsters Union in 11 western states, is turning his big organizing guns toward the East. His announced target is "every man and woman employed in the Teamsters' jurisdiction." But he has his sights set on a nearer target: to match C.I.O.'s stepped-up organizing work in the retail trades.

• **Battlefields**—C.I.O.'s spearhead in a new campaign to unionize department-store workers is the Amalgamated Clothing Workers of America (BW-Dec.25 '48,p62). A.F.L. will compete via a trio of unions which Beck will command during the campaign. The Teamsters will organize in the warehouse and truck branches of the stores, the Retail Clerks International Assn. among sales personnel, and the Building Service Employees among groups such as maintenance workers.

First brushes between A.F.L. and C.I.O. department-store organizing campaigns are expected in New York.

• **Strategy**—Beck visited New York last week, ostensibly in behalf of the national Teamsters' plans to "tighten up organization in every nook and corner." Part of this program calls for setting up nation-wide trade divisions—each with a membership limited to workers in a single type of trucking or warehousing business.

While there Beck made a peace bid to Amalgamated: Organize sales personnel and stay out of warehouses and shipping departments, and there will be no jurisdictional fight. It's hardly likely that Amalgamated, which uses store-wide, bargaining-unit organizing tech-

nique, will agree. If it doesn't, the Teamsters will fight Amalgamated on a store-wide unit basis.

• **Collaboration**—The A.F.L. unions will collaborate in organizing stores in which there is no "single-unit" problem—that is, where a C.I.O. union isn't claiming jurisdiction over all groups of workers on one payroll.

LABOR BRIEFS

Massachusetts has sworn in an A.F.L. man as labor commissioner. He is John J. Delmonte, president of the Massachusetts Federation of Labor.

Pittsburgh collars look cleaner: A 25-day strike of A.F.L. laundry drivers (BW-Jan.8'49,p96) ended with \$4 weekly wage raises, a five-day week.

Weirton Steel workers will get a pension at 65 after 15 years' service. Agreement with independent union covers 12,500 production and salaried employees. Those now on an annuity plan get the most—\$100 and up.

Left-wing unions complain that President Truman's labor-law proposals are "double-talk" and would lead to "a continuation of his prior strike-breaking injunction policies." To right-wing unions, Truman's policy is "labor's policy."

All quiet: A 25% increase for 14,000 Chicago truck drivers averted a strike that would have cut off food deliveries . . . A 12% raise, overtime and other concessions kept 3,400 New York tugboat workers on the job.

Non-Communist oath question will go to the Supreme Court Feb. 28. The leftist American Communications Assn. will argue that it has been illegally denied access to NLRB. Possibility that the non-Communist affidavit may outlive Taft-Hartley makes this and two other test cases important.

Return of the machinists will be considered by the A.F.L. executive board in Miami Jan. 31. Basis for reaffiliation (after three years' absence) was reportedly worked out in a Chicago meeting of top A.F.L. and I.A.M. leaders last week.

Misleading picket signs are taboo in New York. The state Supreme Court enjoined a union from saying a labor-management dispute existed where there was "no dispute of any kind." Court ruled signs must tell the truth—in this case about jurisdictional feuding.



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and large, this organization is sparked today by a number of these same men—and they are *still* young men—men with many fruitful, imaginative, productive years yet ahead.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JANUARY 22, 1949



Stalin seems to be off on another "peace offensive."

His lackeys in France and Italy are saying: (1) The East and West can live together without war; (2) Communism's best ally is peace, not war; (3) East-West trade will be good for both sides.

There's evidence, too, that the Cominform has ordered French Communists to lay off all agitation for a few months.

Washington takes a dim view of these maneuvers.

The State Dept. thinks this peace offensive will probably be as phony as the one Stalin started last May (BW-May22'48,p115). Here's the reasoning:

Moscow may be easing the pressure on the West. But the chief aim is to undermine plans for (1) a North Atlantic alliance, and (2) U. S. military lend-lease to western Europe.

Before Washington listens to any peace feelers, it wants evidence that Moscow is really willing to call it quits in Europe. Here's the kind of thing that would count in Washington:

(1) An end to the Berlin blockade.

(2) An Austrian peace treaty that would leave the country independent.

(If Moscow agrees, treaty talks will start early in February.)

(3) Withdrawal of Communist support for the Greek guerrillas.

Washington is almost in a mood to talk business with Tito.

But first it wants the Yugoslav dictator to stop needling America. References to the U. S. over the Belgrade radio still sound as if they had been written in Moscow.

Washington tells Tito: If you want to trade with us, stop yapping on the radio. Tito answers: We will, if you start trading with us.

The State Dept. figures that Tito wants to trade all right. He needs capital goods for his five-year plan. He isn't getting these from Russia. Nor can the British supply all he wants.

What may be happening is this: Tito doesn't want to take the chance of an open trade offer, lest he get a public rebuff from Washington. First he would like the U. S. to release the goods he has already ordered here. The Commerce Dept. is still refusing export licenses for Yugoslavia. For example, \$2-million worth of oil-drilling equipment is being held up.

Look for a flareup of the war in French Indo-China by spring.

Ho Chi Minh, Viet Nam leader, is building up his strength for a showdown with the French. He's been smuggling in arms from the Philippines, Canton, and Singapore. Communist victories in China have strengthened the morale of his forces—and their Communist leanings. So has Dutch police action in Indonesia.

By contrast, French military strength is on the downgrade (BW-Dec.25 '48,p71). France is pouring plenty of money into Indo-China. But it doesn't seem to help.

That's why Paris has turned to ex-emperor Bao Dai. The French want him back on his throne to attract nationalist support. But to neutral observers, France seems to be at the end of its rope in Indo-China.

There will be no split in Britain's Labor government over Palestine.

Events alone are forcing a change in Foreign Minister Bevin's policy.

What has happened is this: Bevin assumed Arab forces would contain

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

JANUARY 22, 1949

Israel, produce a balance in the Middle East. He stuck in this mental rut long after Arab weakness became obvious.

Bevin now hopes to work more closely with the U. S. His aim: to preserve western strategic positions in the Middle East.

British industry is up in arms over Labor Party plans for more nationalization (BW-Jan. 15'49, p100).

Rank-and-file businessmen are challenging the present policy of trade association cooperation with the government.

One man in a tough spot is Sir Frederick Bain. He's president of the Federation of British Industries (Britain's N.A.M.) and deputy chairman of Imperial Chemical Industries. He led industry into the huddle with the government in the first place. Now the Labor Party is talking about nationalizing I.C.I.

With more nationalization in the offing, there's another Labor policy that doesn't sit well with business—voluntary limitation of dividends.

Chancellor Cripps got industry to go along on this last year—even though it brought lower stock prices. Then the government decided to nationalize steel—and to compensate the owners on the basis of depressed 1948 stock prices.

Auto production in western Germany will get a boost this year.

Output in 1948 was about 50,000 units. It should reach 100,000 in 1949. All told, 20 plants are now in production.

Volkswagen will remain the leader. Production is scheduled at 40,000 this year. In 1948 it was 19,000, 25% for export to Switzerland, Benelux, and Sweden.

Volkswagen foreign sales are bothering British car exporters. The British complain about the way export prices are set: The precurrency reform conversion rate of 17¢ to the mark is used. This makes the Volkswagen price about \$1,000 f.o.b. factory.

If the new conversion rate of 30¢ to the mark were used, the Volkswagen would cost \$1,800 f.o.b. That would price it out of the foreign market.

M. W. Kellogg of New York is supplying know-how for a unique fish-oil refinery in South Africa. The plant is being built at Simonstown (near Cape-town) by Marine Oil Refiners of Africa Ltd. It uses Kellogg's Solexol process for producing Vitamin A from crude fish liver oils.

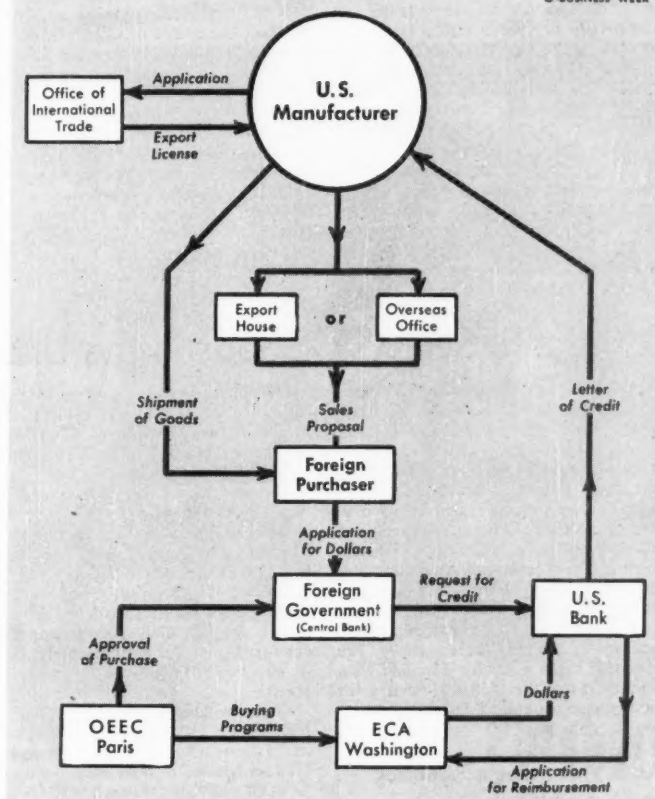
Brown Boveri, Swiss producer of heavy electrical equipment, is out after U. S. business. This Zurich company is the low bidder on two new 25,000-kw. turbo generators for a Cleveland power plant. Brown Boveri's bid was \$1,080,000 (including duty) against \$1,461,000 for the lowest of three American bids.

Netherlands Airport Construction Office aims to give U. S. firms some competition in world markets for airport engineering. The new Dutch company offers everything from blueprints to actual construction. It is backed by 10 of Holland's biggest firms—including Philips, Royal Dutch Shell, KLM.

North British Locomotive Co. plans to build large locomotives in South Africa. The British firm will spend \$4-million on new works at Spring, in the East Rand area. Output will be for export as well as for the South African market.

BUSINESS ABROAD

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One major trade channel open to U. S. businessmen who want to learn . . .

Exporting Under Marshall Plan

Most business has gone to the larger firms that had prewar contacts abroad. Newcomers, particularly the smaller ones, must get out and dig if they want to get future dollars.

Early next month Congressional hearings will turn the spotlight once again on the Marshall Plan. The result may be upwards of \$4-billion in new business—mostly for U. S. exporters—during fiscal 1949-50.

• **Go After Business**—If yours is a company with good foreign contacts or an overseas office—and if your product qualifies for ECA financing—chances are you will get a slice of this business. If you are a newcomer to foreign trade, chances are ECA business will pass you by—

unless you get out and push your product hard in western Europe.

Why? The answer is simply that ECA's prime function is to pump dollars into normal trade channels. And that means ECA business is going to those companies best known in western Europe. In short, firms with long-standing foreign connections are in the best spot.

• **New York Banks**—Banking business arising from ECA operation is a good example of the general pattern. Up to

Jan. 1, 1949, more than \$1-billion worth of ECA business (roughly 25% of the total) was handled through private U. S. banks. New York banks got 93% of all the banking business. Biggest orders went to Chase National (\$185-million); Bankers Trust (\$151-million); J. P. Morgan & Co. (\$104-million); and French American Bank Corp. (\$93-million). In fact, only one bank outside of New York—Bank of America—handled any appreciable amount of ECA business (\$74.8-million).

The New Yorkers got the business because the big western European banks were their correspondents. Other banks throughout the U. S. benefited indirectly by virtue of being correspondents of the New York banks. But for those Chicago, Cleveland, Detroit, and other big city banks wanting to bypass the New Yorkers, there is a big selling job ahead. Business will flow through the New York banks as long as the foreign importer thinks he gets the best service there. As for ECA, it has no interest in the matter; it can't channel business to a bank any more than it can to a company.

• **How to Do It**—The best bet for a newcomer in the foreign field is to spend some time brushing up on the rules of foreign trade.

Next he needs the services of an export house in promoting his wares abroad. Or he can band together with other companies in his trade association and go into the export business as a unit (the method legalized under the Webb-Pomerene law of 1918). And if he wants to, of course, any businessman can go abroad himself and rustle up his own trade—and many company presidents are doing just that.

• **Three Methods**—When he has mobilized his sales force, the businessman out for ECA dollars has three points of attack:

(1) He can make direct contact with private importers (or in some cases foreign governments). The Office of International Trade will supply a list of foreign importers and dealers (for a nominal fee). So will many U. S. banks with contacts abroad. Almost two-thirds of ECA's business last year went through these channels; even more will flow through them in 1949.

(2) He can go to any of four U. S. government procurement agencies which supply Marshall Plan countries with certain of their needs under FCA (page 118). In 1948 these agencies handled about a sixth of ECA's total business. The biggest item was wheat and other foodstuffs supplied by the Commodity Credit Corp.

(3) He can contact various foreign government purchasing commissions in the U. S. They buy limited quantities of items ranging from coal to locomotives. All told, they have accounted for

roughly an eighth of ECA's business.

- **Qualifications**—In general, the U.S. exporter has to meet two tests before he gets a contract from any of these potential buyers.

First, he must have something to sell which qualifies for ECA dollars. It's best to find this out through private sources. True, ECA's procurement orders are increasingly made to reflect new business; ECA is stressing this to aid the small businessman. But all too often authorizations continue to represent mere reimbursements for purchases already made.

Second, the U.S. exporter must watch his delivery dates. If his contract is covered by a procurement authorization, ECA says he has to get his goods on their way within 90 days after the close of the quarter in which the procurement authorization was announced. Otherwise, the exporters have to apply for an extension or a new procurement authorization.

- **Weak Link**—Many exporters have called this the weakest provision in ECA law. They claim they have lost many orders through inability either to supply the customers from stock or to meet foreign specifications within such a short time limit.

If he gets over these hurdles, the U.S. exporter is ready to sign a contract—let's say with a foreign importer. From here on the bulk of the red tape is on the foreigner's shoulders.

- **Procedure**—In general, here is how a transaction takes shape:

- (1) The foreign buyer applies to his local bank for an import license and a release of dollars for the purchase he is making. From the local bank the application travels through a labyrinth of channels until the proper government official gets it for approval.

- (2) If his application is approved, the foreign buyer pays for his purchase in local currency. This payment becomes part of the country's counterpart fund—the local currency set aside to equal the ECA dollars received.

- (3) When the foreign buyer has made his local currency payment, the foreign government (usually through a central bank) applies for a line of credit in a U.S. bank. The U.S. bank applies to ECA for a letter of commitment—insurance that ECA will redeem the credit.

- (4) The U.S. bank opens a letter of credit in the foreign government's name which the U.S. exporter may draw on.
- (5) The U.S. exporter arranges shipping and storing details with the foreign importer and gets an export license. (Virtually all shipments to Europe must be licensed now.)

- (6) When the shipment is made, the U.S. exporter sends his normal shipping forms with one or two others to the bank. One form he has to fill out is designed to insure that the supplier's

price is within the bounds of ECA's "going market rates" clause.

- (7) The U.S. bank relays the exporter's forms to ECA for reimbursement and the cycle is completed.

- **"Businesslike"**—That's just a skeleton of the operation, of course. But there are remarkably few frills considering the complexity of ECA's task. Both foreign and U.S. businessmen and bankers on the whole think ECA is "businesslike." New York bankers have been particularly impressed: It takes ECA less than three days to make reimbursements on their letters of credit.

Foreign governments applying for reimbursement payments from ECA haven't been getting such good service. But that is largely because the bulk of ECA's red tape is on their shoulders.

- **Private Channels**—One big trouble foreign countries have with ECA is just

this matter of "private trade channels." Congress had one eye on foreign governments when it put ECA buying on a competitive basis. It didn't want any more government control over western European trade than there already was.

But the actual effect has been to multiply red tape for foreign governments. To meet the intent of Congress, dollar trade has to be spread over the field of importers about in the same proportion each handled in prewar trade.

This system requires a terrific amount of planning on the part of foreign governments. Suppose the French government figures that its need for imported U.S. borax, over a given period, is \$3-million. To appease all French importers, the purchase might have to be broken down into 1,000 small orders. And each order would have to carry the full burden of ECA's red tape.

Where to Sell ECA Goods in the U. S.

Belgium, Luxembourg—Coal, wheat, and tin plate are bought through the Belgian Economic Mission, 1780 Massachusetts Ave., N.W., Washington, D. C.

France—Limited purchases made by Naval Material Mission, 1761 R St. N.W., and Public Works Mission, 1800 Massachusetts Ave., N.W., Washington, D. C.

Germany (U. S.-British zone)—While foods, petroleum, and fertilizers are still bought through U. S. government procurement agencies, most buying is now in the hands of private German importers.

Germany (French zone)—All buying is done by a French government agency in Germany whose representative in the U. S. is Mr. A. Kessler, French Supply Council, 1800 Massachusetts Ave. N.W., Washington, D. C.

Greece—Bulk purchases (mostly wheat) are made through U. S. government procurement agencies.

Italy—Coal is purchased by the Italian Coal Procurement Agency, 1424 K St. N.W., Washington, D. C.; cereals, by Federazione Italiana dei Concorzi Agrari, 740 Eleventh St. N.W., Washington, D. C. (Petroleum products are bought through Comitato Italiano Petroli, Rome, Italy.)

Netherlands—Netherlands Food Purchasing Bureau, 2 Broadway, New York, N. Y., buys some food products.

Norway—Coal is bought through Fuel Import of Norway, 80 Broad St., New York, N. Y.

Trieste—All buying is through U. S. government procurement agencies.

Turkey—Purchases of locomotives, ships, and some other transportation equipment are made through Turkish Purchasing Delegation, 333 West 86th St., New York, N. Y.

When Congress passed the ECA law, it specified that "private trade channels" should be used wherever possible. And about two-thirds of ECA business has gone through them so far. But there are some important exceptions. U. S. procurement agencies do a lot of buying for Greece, Trieste, Austria, and Germany. Grain orders are still handled by the government. And some foreign governments have purchasing commissions here.

If you haven't any connections abroad, or can't go there yourself, you can still make a try for Marshall Plan money inside the U. S. Here is a list of agencies, compiled by ECA, which do some buying:

U. S. Procurement Agencies

Dept. of Agriculture's Production & Marketing Administration, Washington 25, D. C., handles grain, fats and oils, cotton, and other orders for the Commodity Credit Corp.

Bureau of Federal Supply, Purchase Branch, Seventh & D Streets S.W., Washington, D. C., handles a wide variety of non-foodstuff purchases, from medical supplies to machinery.

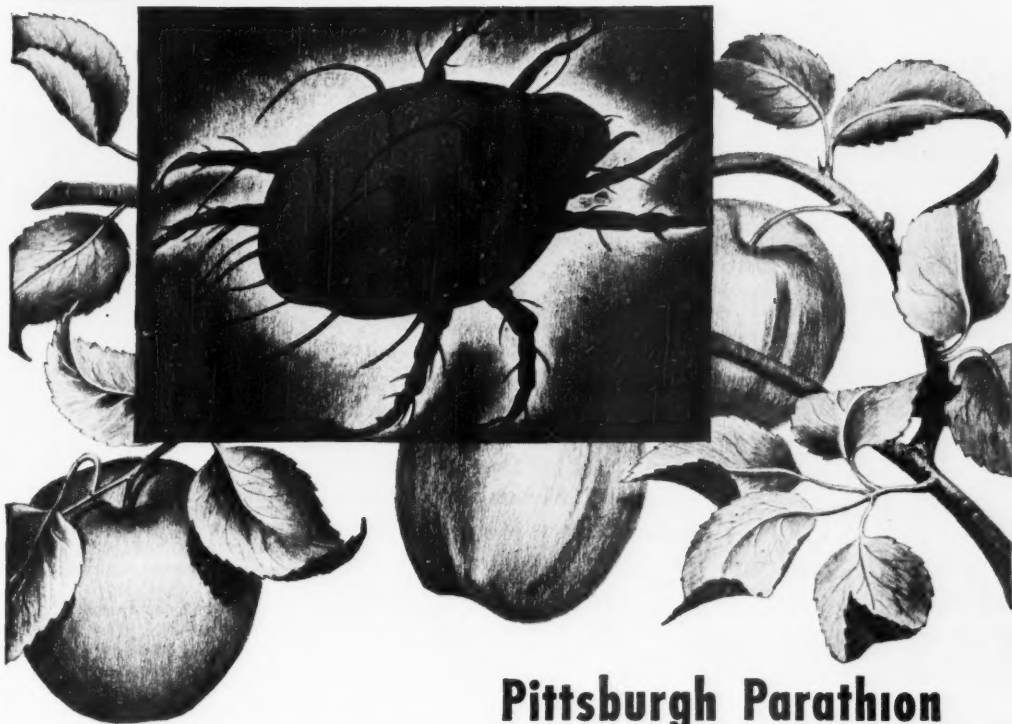
Dept. of the Army, Office of the Quartermaster General, Second & Q Streets S.W., Temporary Building A, Washington 25, D. C.

Dept. of the Navy, Bureau of Supplies and Account, Room 0139, Navy Bldg., 19th & Constitution Ave., Washington 25, D. C. (limited purchases of petroleum products and coal).

Foreign Purchasing Agencies

Austria—Most purchases to date have been handled through U. S. government procurement agencies.

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 Naphthalene
 Parathion
 Para Amino Phenyl Mercuric Acetate
 Phenol
 Phthalic Anhydride
 Picoline—Alpha, Beta and Gamma
 Pipe Line Enamel
 Pyridine—Medicinal and Industrial
 Sodium Cyanide
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IRON ORE rolls from Brazilian mine. Mineral development is one way . . .

Brazil Steps Up Industry

It has the resources, but it needs U. S. capital to build up industry, railroads. Government controls discourage private capital in some fields. Mining, manufacturing best bets for foreign investor.

RIO de JANEIRO—Brazil's chief ambition these days is to build a well-balanced economy on its own rich resources. And Brazil's chief hope is to get U. S. help to do the job.

• **The Job**—How big this job is—and at least a hint of what part American capital might play in it—will come out soon in a report by the Joint Brazil-U. S. Technical Commission (BW—Sep. 4 '48, p108). The commission has been at work in Rio for five months, hopes to have its report ready in February.

The commission's survey will cover almost every angle of the Brazilian economy. It will stress particularly development possibilities in four fields: manufacturing, mineral and oil resources, power, transportation.

Industrialization has not gone far in Brazil, even by Latin American standards. Output of electric power and of cement give a rough measure. Brazil rates third in South America in total electric power developed, but per capita it stands seventh. In cement, it comes second for total production, but ninth on a per-capita basis.

• **Manufacturing**—Actually Brazil has only begun to develop manufacturing industries—even though they got a big push in World War II, when imports were scarce. In the three and a half years since the war, many little industrial firms have slipped by the wayside,

unable to compete with imported articles.

But the stronger companies are holding on and expanding. The cotton textile industry has managed to keep a good share of its foreign markets. Iron and steel production is rising, especially at the Volta Redonda steel mill, which U. S. money helped finance.

• **Important Role**—American companies are already playing a big role in Brazil's present industrial expansion. General Motors has just enlarged its assembly plant. Ford is about to follow suit. General Electric is building a new factory. Johnson & Johnson has just opened its new pharmaceutical plant.

Some American companies have gone into Brazil on the basis of joint participation with existing Brazilian industries. Revere Copper & Brass is one example.

There's no real reason why U. S. companies can't invest further in Brazil. True, exchange-control laws limit the transfer of profits, and probably will keep on limiting it. But the U. S. interests already in Brazil seem to feel manufacturing is still a profitable field there.

• **Mining**—Right now, apparently, the exploitation of Brazil's mineral wealth looks like a good bet to the American investor. But in some cases he'll have to lick transportation difficulties first. Take U. S. Steel, whose president, Ben-

jamin Fairless, went to Brazil last fall to try to get more manganese. He found that only one thing was preventing him from getting more ore out of U.S. Steel's Brazilian subsidiary in the state of Minas Geraes: The railway to Rio could not take any more tonnage. Again, he might push for production of manganese from deposits in the state of Matto Grosso. But this would involve the long, slow, river haul to the sea at Buenos Aires or Montevideo.

Brazil can find a good market in the U.S. for its high-grade iron ore. But again poor transportation facilities keep the U.S. investors from staking much money on higher output. The only major iron-ore exporter is the government-controlled Companhia do Vale do Rio Doce, in which the U.S. Export-Import Bank has invested heavily. This company is rebuilding its railway from the Itabira iron mountain in the state of Minas Geraes to the port of Vitoria. Thus it hopes to step up its present exports of roughly 400,000 tons yearly to 1.5-million tons in the early 1950's.

• **Power**—Exploitation of Brazil's hydroelectric power potential looks like a natural. There has been hardly any development so far, except for the larger cities, and even they are short of power. Brazilian Traction, which provides light and power to both Rio and Sao Paulo, plans to remedy the shortage for those cities before long. The company is getting a \$90-million loan from the World Bank to finance its expansion.

At the Paulo Afonso falls, far up the Sao Francisco river, the government plans a big power development. All over Brazil, cities are crying for electricity. This means a chance for expansion by companies like American & Foreign Power, whose Brazilian affiliates supply electricity to many localities. An Export-Import Bank loan just granted to American & Foreign Power will help.

• **Petroleum**—What are the chances of developing Brazil's potential oil reserves? Geologists believe there is oil in many sections: the states of Piaui and Maranhao in the north; Marajo Island at the Amazon's mouth; the Bolivian frontier; the Parana River valley. But only at Bahia have holes been drilled, and the government is running the show there.

It looks as if the government intends to stay in this business. Legislation now before the Brazilian Congress frowns on foreign investment in oil-hunting; it would keep refining and distribution in Brazilian hands. "The petroleum is ours" was the slogan of Nationalists and Communists alike in 1948.

• **Transportation Trouble**—More adequate transportation holds the key to agricultural development as well as to mining and industry in Brazil. Railroad trackage in this huge country is less than 25,000 miles. Lines do not reach

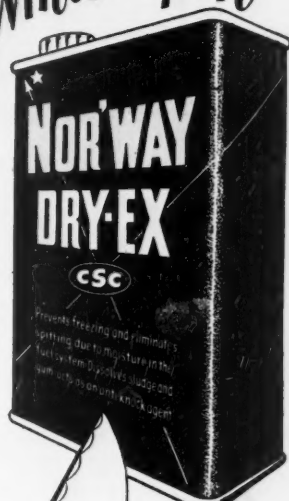


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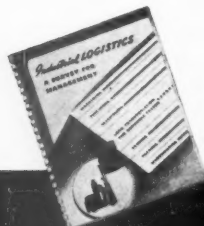
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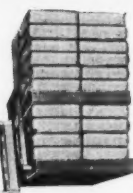
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potentially rich agricultural areas in the states of Goyaz and Matto Grosso, nor do they adequately cover the farming country of southern and central Brazil.

Highways also are something to cry about. They don't even link all the coastal cities. But here, at least, progress is being made. Foreign loans could speed up projects by providing dollars for U. S. road-building equipment.

• **Questions**—American members of the Brazil-U. S. Commission believe that Brazil will need plenty of outside financial help to put its program across. As they see it, the two big questions are: (1) Will Brazilian capital come forward to do its part of the job? (2) Will the Brazilian government provide the right climate for U. S. investors?

Brazilian businessmen have never shown much enthusiasm about putting capital into the development of basic resources. They would rather see it go into speculative apartment building and real estate deals.

• **Political**—The second question is really a political one. Nationalism in Brazil, as in other Latin American countries, has fed on slogans about Yankee imperialism. This has had its effect in the case of petroleum. The signs are better for minerals and manufacturing industries. Perhaps the commission will come up with a formula that could satisfy both Brazilian national pride and the needs of potential U. S. investors.



Unionist Aids British

Solomon Barkin, director of economics and research for the Textile Workers Union of America (C.I.O.), recently took temporary leave from his union duties to do a special job for ECA. He acted as textile consultant for ECA's London mission. His job: to work with British management in appraising the outlook for Britain's textile industry. Barkin is the first U. S. labor official to get this kind of assignment from ECA.

ECA'S LEDGER

Reports From Washington

This week the State Dept. got its first official look at the Humphrey report on German reparations (BW—Dec. 18'48, p122). Along with it State got a recommendation from Paul Hoffman that about 40% of the 300-odd German plants ticketed for transfer as war reparations be left intact in the interests of western European recovery.

State says it will hold the report under cover until negotiations with Britain and France have been started. It denies that putting the report into effect would boost Germany's annual steel capacity to 13-million tons—2.3-million more than the ceiling now imposed by the occupying powers.

Other Developments

50-50 Clause. Hoffman met with shipping interests this week to try to settle a ticklish question: whether or not 50% of ECA shipments from the U. S. have to go in U. S. bottoms. Chances are the answer will have to wait until Congress makes clear its intent in a new law (BW—Dec. 25'48, p73).

Rep. Schuyler Otis Bland (D., Va.), chairman of the House Merchant Marine & Fisheries Committee, has introduced a bill that would go clear across the boards: It would require that U. S. bottoms carry 50% of all exports financed by any U. S. government agency, not just by ECA. What Bland wants is to tie up some holes in an assortment of indefinite resolutions. Shipments of U. S. goods financed by Export-Import Bank loans, for instance, are now subject to a 100% clause. But a U. S. federal court recently ruled that this clause was not binding.

Reports From Abroad

Unofficial reports from Brussels last week indicate that the Organization for European Economic Cooperation wants to chop \$100-million off the aid requests of Belgium and Luxembourg for the year 1949-50. Reason: These countries can scrape by without the money.

This would leave Belgium and Luxembourg with no subsidy from ECA next fiscal year. They do get \$150-million, but this is earmarked for conditional grants under the intra-European payments scheme. That is, Belgium-Luxembourg would get ECA dollars only to cover loans in Belgian francs to other western European nations. Object of these loans is to step up intra-European trade.

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THE TREND

How Long Should a Workweek Be?

More than a generation ago leaders of the then not-so-well-organized labor organizations began a campaign: to get the eight-hour day adopted generally for industrial workers. The eight-hour-day objective was coupled with a demand for the 40-hour week. Long hours of toil were common then; the unions faced a tough fight to try to change the existing practice.

The goals were attained finally. Labor unions succeeded in getting the 40-hour week for more and more of their members written into contracts. The federal government helped the case along, too. The Adamson act of 1916 set eight hours as the normal workday on the railroads. Companies doing business with the government were required to abide by the 40-hour week. At last, the Fair Labor Standards Act was adopted; this really put the power of the government behind labor's goals.

Since the war the labor chiefs have been busy on other fronts. They have won campaigns to get wages raised. They have been whooping up a clamor for pension plans and other nonwage benefits. All of these drives have taken precedence over a new campaign to shorten the workweek. But talk has been revived somewhat as more areas have reported unemployment, for the specter of unemployment is the signal to spread the work.

We don't intend to argue the case for or against a shorter period of weekly employment in mill, mine, and factory. Instead, we want to point out that there is still an important body of people who haven't come even close to a 40-hour week. Who are they? They are the employers and the managers of American industry.

A Common Practice

We asked the president of one of America's top 10 corporations recently: "Are you in favor of the 40-hour week?" He paused only briefly, then replied "Yes." We directed a second question: "For yourself?" His face brightened as he quickly replied: "I wish I could have one."

He really meant what he said, too. His workweek runs closer to 60 to 70 hours than it does to 40. His hours at the office are officially 9 to 5. But that is not the end of his working day. He is lucky if he gets away from the office any evening before 6. And several evenings a week he stays downtown to attend some meeting or dinner. Attendance at one of those affairs is practically a command performance.

One evening he goes to a dinner in honor of one of the company's veteran employees. If he failed to make an appearance, he would hurt the feelings of the old-timer. Because the president has appeared at other similar events, this particular employee naturally feels that

only the boss can do the honors properly. It's a good idea for the president to do this, from an employee-relations standpoint.

On another evening, this company president attends a dinner in honor of the chief executive of another company. Company B happens to be an important customer of Company A. So it's up to the president of Company A to be on hand for the celebration given for the president of Company B. The latter would be offended if any one of the smaller fry was sent as a substitute. So it's a good idea for the president to go, from a customer-relations standpoint.

A third evening is devoted to a meeting with the press. The company is taking a rather unusual step and wants to get all the publicity on it that's possible. Experience has proven that the press really turns out if the president of the company is holding the conference. So again it's a good idea for the president to be there, from a public-relations standpoint.

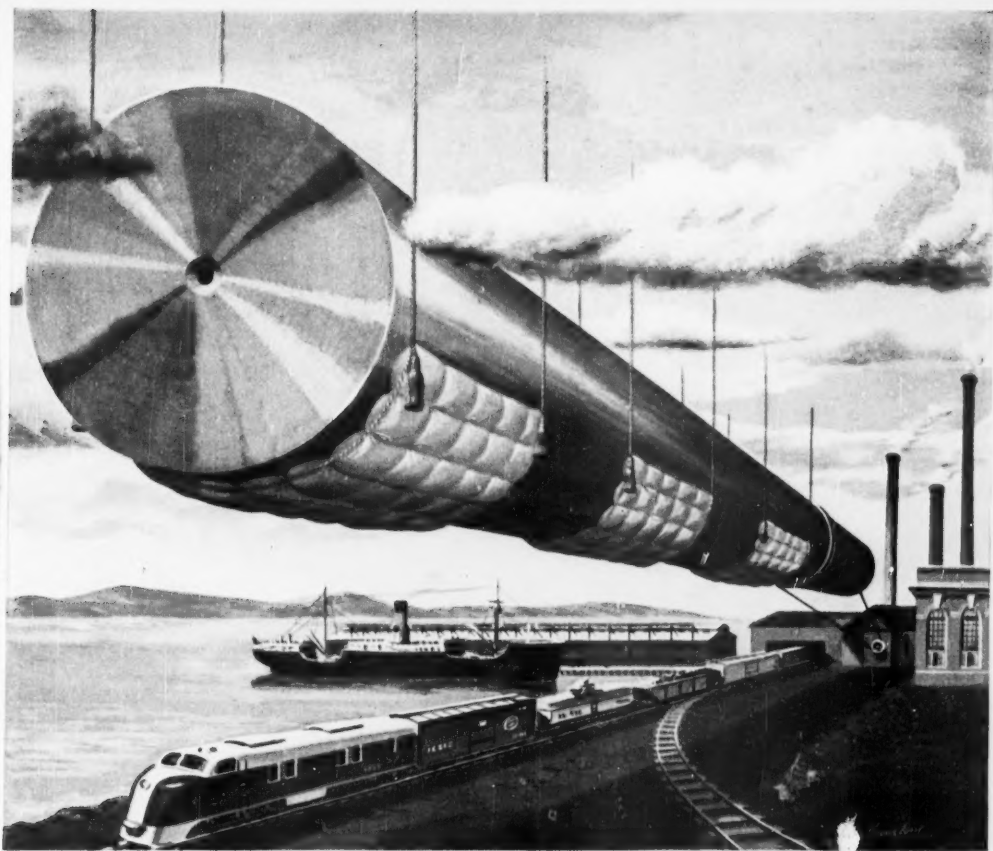
Yes, it seems perfectly proper that this company president devote a good number of hours each week to business after office hours. He is not the only one who puts in such hours. We have talked to many other business leaders. Practically all of them tell the same story.

Lighten the Burden

The question is whether this practice of a long workweek for executives is a good one. We don't think so. All too often these days you find in the obituary columns the names of business executives in their forties, fifties, and sixties who died suddenly or after a brief illness. That death toll is unwarranted. A business executive should not be expected to overwork at his desk any more than the man in overalls out in the plant.

Too many business leaders have been tricked into believing that they are obliged always to work harder and longer than their subordinates. They remember that they got to the top by putting forth extra effort. They feel they should set a good example; they believe that more pay deserves more work. But they can be criticized, too, for what they do. Joseph Conrad once said: "Any fool can carry on, but a wise man knows how to shorten sail."

It is high time, in our opinion, that business leaders lighten their own yokes. Although they should not shirk certain responsibilities, they should not get too involved with extracurricular jobs. If they spent a little time investigating, they might find that those jobs, too, could be delegated. It may well be that the business leader who once liberates himself from a grueling, grinding schedule will be able to do an even better job.



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